

17th ANNUAL REPORT  
2004 - 2005

New horizons,  
New heights



**TRANSWORLD**  
GROUP

  
**SHREYAS**  
SHIPPING LIMITED



# SHREYAS

SHIPPING LIMITED

## BOARD OF DIRECTORS



**S. Ramakrishnan**  
Chairman &  
Managing Director



**V. Ramnarayan**  
Director



**S. Mahesh**  
Director



**L. B. Culas**  
Director



**Anil Devli**  
Executive Director



**K. P. Medhekar**  
Director



**Capt. P. P.  
Radhakrishnan**  
Director



**S. Ragothaman**  
Director



**Amitabha Ghosh**  
Director  
(ICICI Bank Ltd. Nominee)

### Management Team:

- Mr Anil Devli** - Executive Director  
**Capt. V. K. Singh** - General Manager - Commercial & Operations  
**Mr. Vinay Kshirsagar** - Chief Financial Officer  
**Ms. Namrata Malushte** - Company Secretary

### Statutory Auditors:

Sridhar & Santhanam

### Internal Auditors:

Axis Risk Consulting Services Pvt. Ltd.

### Solicitors:

Mahimtura & Co.

### Bankers

Standard Chartered Bank  
 ICICI Bank Ltd.  
 Canara Bank, London  
 State Bank of India  
 UTI Bank

### Registrar & Share Transfer Agent

Intime Spectrum Registry Ltd.  
 C-13, Pannalal Silk Mills Compound  
 L. B. S. Marg, Bhandup (West)  
 Mumbai - 400 078  
 Tel: 5555 5454  
 Fax: 5555 5353

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### Registered office

1110/111 Embassy Centre  
 Nariman Point  
 Mumbai- 400 021  
 Tel: 2284 2324 / 25 / 28 / 31  
 Fax: 2288 6665

### Administrative office

'Orient Shreyas', Plot No. 203  
 Station Avenue Road  
 Chembur, Mumbai - 400 071  
 Tel: 2529 5402  
 Fax: 2529 5412





**SHREYAS**  
SHIPPING LIMITED

## Chairman's Statement

Dear Shareholders,

The fiscal 2004-05 will be recalled as the year when Shreyas has achieved milestones by transcending various boundaries. The dominant theme for us has been growth, both topline and bottomline, through a relentless striving to break performance and efficiency barriers. We have consolidated our position in the container feeder industry and are now looking at other business opportunities and avenues in the shipping industry. Having set our pillars firmly into the shipping industry, we are now faced with a challenge to move forward in the right direction.

A challenge means an urge to transcend one's limitations. The efforts of the Shreyas Team for the year 2004-05 are truly commendable and have brought up for Shreyas such a wonderful performance at both financial and operational front. The word '**Shreyas**' means '**better than the best**' and it truly befits the performance of the Company.

Walking through the trail we find major achievements by Shreyas during the year 2004-05. To name some of them are acquisition of vessel 'Orient Victory', reduction of debt to almost nil with a view to reduce cost and to enhance shareholder value and achievement of outstanding success in domestic operations. On the financial front, the Company has managed to attain a Profit after Tax and Exceptional Items of Rs. 3573.67 lacs, an increase of about 389.01% over the previous year, which is an achievement, by itself. Other financial parameters, which you will note as you go further into this report, indicate that the Company has moved steadily forward during this period and has improved its performance.



The shipping industry is passing through a very interesting phase at the moment. A booming freight and charter market and the introduction of tonnage tax regime have caught the shipping industry on a high wave. The Indian fleet tonnage has crossed the 7.6 million GRT (gross registered tonnage) mark for the first time. Ongoing reforms in national economies, liberalisation of trade policies and its interdependence, fuelled with global outsourcing, continues to dramatically create additional demand, which is forecasted to double in the next decade. Its sunny days and blue skies for the shipping industry in India. Currently India handles close to 460 mn tonnes of traffic at its ports. India's 9% trade growth (by volumes) means that its market share in global trade will increase – given the low growth rates of global trade at 3% which means that India is well poised to garner about 10% of global trade volumes by 2020 (current share 3.5%). In the next decade, what we are going to witness in the Indian maritime sector will be no less than a revolution.

The present period is good for shipping industry and it is time to convert opportunities into success, something which Shreyas has accomplished on a number of occasions in the past. The coastal business of Shreyas is continuously evolving. Having started this business with Kandla - NhavaSheva route, Shreyas has fought its way through against all odds and has expanded this trade. The success in the coastal business is solely attributed to the untiring focus and devotion of the entire Shreyas team. The boom in the shipping industry, as a whole, has also helped boost performance. Improved charter earnings coupled with successful domestic and coastal operations has been instrumental in achievement of a strong financial performance during the fiscal. Having established ourselves firmly in India, we now aspire to expand our horizons to the Indian subcontinent thereby making Shreyas a globally competitive player in the shipping industry. I take this opportunity to thank my team and all our customers, suppliers, lenders and other stakeholders.

Honesty in operations and crystal clear transparency to the stakeholders has been the leading policy of Shreyas as envisaged by our founder Chairman the Late Shri R. Sivaswamy. The Shreyas Team is committed to continue the pace of growth by following his policies, principles and values. Having established ourselves over a decade back, we experience a sense of fulfillment to realise that Shreyas has understood and implemented the magic combination for business success, i.e., planning + intelligence + hard work + networking + building systems + follow through. We are what we repeatedly do. Excellence, then, is not an act, but a habit. Our consistent quality outperforms intermittent excellence. Having a perfect blend of National Spirit and International Skill and embedded with strong work ethics and values such as Vision, Quality, Leadership and many more; Shreyas has got the right elements for further escalating the success ladder.

We will not rest on our accomplishments, but build on them and use the power of compounding. The world is filled with opportunities just waiting to be found. We will now also focus on the 'low lying fruits' in the ancillary business. We will continue our quest to strike out on new paths, rather than travel the worn paths of accepted success. Results are often obtained by impetuosity and daring which could never have been obtained by ordinary methods.

We will dutifully continue with our goal of providing safe, reliable and cost-effective transportation options and a range of customized services to clients and of encouraging India's coastal trade, in continuance of our mission to meet challenges and set new paradigms in the shipping industry. Having reached this far, there is no looking back.

Mumbai  
21<sup>st</sup> April, 2005

**S. Ramakrishnan**  
Chairman & Managing Director



## Notice

NOTICE is hereby given that the Seventeenth Annual General Meeting of the Members of Shreyas Shipping Limited will be held on Thursday, the 21st day of July, 2005 at 11.00 a.m. at Sivaswamy Auditorium of Fine Arts Cultural Centre, 61/21 R. C. Marg, Opp. Vijaya Bank, Chembur, Mumbai – 400 071 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended on 31st March, 2005 and the Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
2. To confirm the payment of interim dividend on Preference Shares and Equity Shares.
3. To declare a final dividend on Equity Shares.
4. To appoint a Director in place of Mr. Leonard Basil Culas, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Capt. Panthloor Puthenveetil Radhakrishnan, who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint M/s. Sridhar & Santhanam, Chartered Accountants, as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS:

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED that in partial modification of the resolution passed by the shareholders of the Company at the 16th Annual General Meeting held on 23rd July 2004 and pursuant to provisions of Sections 198, 269,309, 310, Schedule XIII, and other applicable provisions, if any, of the Companies Act, 1956, and/or the guidelines for Managerial Remuneration issued by the Central Government from time to time, and subject to the approval of the Central Government and further subject to the approval of the Reserve Bank of India, if required, the consent of the Company be and is hereby accorded to the payment of enhanced remuneration and perquisites to Mr. S. Ramakrishnan who was appointed as the Chairman and Managing Director at the 16th Annual General Meeting held on 23rd July 2004 for a period of five years with effect from 1st April 2004 on the terms and conditions including those related to remuneration as stated in Serial no. 1 of the Explanatory Statement annexed to this Notice, which terms and conditions are hereby specifically approved with a liberty to the Board to vary the same as may be agreed to between the Board and Mr. S. Ramakrishnan.

FURTHER RESOLVED that the Board of Directors be and is hereby authorised to vary the terms and conditions of re-appointment including determination of remuneration payable to Mr. S. Ramakrishnan, Chairman and Managing Director in such manner as the Board in its absolute discretion deems fit, provided that the remuneration payable to Mr. S. Ramakrishnan shall not exceed the maximum limits for payment of Managerial Remuneration specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto as may be made from time to time.

FURTHER RESOLVED that in the event of loss or inadequacy of profits in any financial year during the currency of the tenure of the Chairman and Managing Director, the remuneration and perquisites any other allowances as specified above be paid to Mr. S. Ramakrishnan as minimum remuneration, provided that the total remuneration by way salary and perquisites shall not, unless approved by the Central Government, exceed the ceiling as provided in Section II(A) of Part II of Schedule XIII to the Act or within such ceiling limits as may be prescribed under Schedule XIII from time to time or the Act as may be re-codified.

FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to do all such act, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

RESOLVED that pursuant to Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and all guidelines for Managerial Remuneration issued by the Central Government from time to time and subject to such approvals, if any necessary, the Company hereby accords its approval to the appointment of Mr. Anil Devli as Wholetime Director for a period of one year with effect from 21<sup>st</sup> April, 2005 on the terms and conditions including those related to remuneration as stated in Serial no. 2 of the Explanatory Statement annexed to this Notice, which terms and conditions are hereby specifically approved with a liberty to the Board of Directors to vary the same as may be agreed to between the Board and Mr. Anil Devli.

FURTHER RESOLVED that the Board of Directors be and is hereby authorized to vary the terms and conditions of re-appointment including determination of remuneration payable to Mr. Anil Devli in such manner as the Board in its absolute discretion deems fit and as may be agreed to by Mr. Anil Devli, provided that the remuneration payable to Mr. Anil Devli shall not exceed the maximum limits for payment of Managerial Remuneration specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto as may be made from time to time.



FURTHER RESOLVED that in the event of loss or inadequacy of profits in any financial year, the remuneration, perquisites and any other allowances as may be payable to Mr. Anil Devli shall not, unless approved by the Central Government, exceed the ceiling as provided in Section II(A) of Part II of Schedule XIII to the Act or within such ceiling limits as may be prescribed under Schedule XIII from time to time or the Act as may be re-codified.

FURTHER RESOLVED that the Board of Directors of the company be and is hereby authorized to do all such acts, deeds, matters and things as may be considered, desirable, expedient to give effect to this resolution."

9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED that Mr. S. Ragothaman, who was appointed by the Board of Directors at the Board Meeting held on 23rd July, 2004 as an Additional Director with effect from 23rd July, 2004 under Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting, and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company and shall be liable to retire by rotation."

10. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED that pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, a sum not exceeding one per cent per annum of the net profits of the Company calculated in accordance with the provisions of Sections 198, 349 and 350 of the Companies Act, 1956, be paid to and distributed amongst the Directors of the Company or some or any of them (other than the Managing Director and the Whole-time Directors) in such amounts or proportions and in such manner and in all respects as may be approved to by the Board of Directors and such payments shall be made in respect of the profits of the Company for each year of the period of five years commencing 1st April, 2005."

11. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED that in accordance with the provisions of Section 309 of the Companies Act, 1956, and other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the Company, the remuneration payable to the Directors of the Company other than the Managing Director or Wholetime Directors of the Company for attendance at all Meetings of the Board or any Committee thereof shall be such fee or amount as may be determined by the Board from time to time within the limits, if any, permitted under or pursuant to the Act for the time being.

FURTHER RESOLVED that the Board of Directors be and is hereby authorised to take such actions and steps as may be necessary and expedient to give effect to this resolution."

12. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED that pursuant to the proviso to Section 163(1) of the Companies Act, 1956, consent of the Company be and is hereby accorded for keeping the Register of Members and Index of Members of the Company at the office of M/s. Intime Spectrum Registry Limited, the Registrar and Share Transfer Agent of the Company, at C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai – 400 078, in stead of at the registered office of the Company."

By Order of the Board of Directors

**Registered Office:**  
1110/1111, Embassy Centre  
Nariman Point  
Mumbai - 400 021  
21st April, 2005

**Namrata Malushte**  
Company Secretary

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE ON HIS BEHALF ON A POLL ONLY. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

Proxy form, in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the time of the Meeting.

2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business as set out above, is annexed hereto.

3. Profiles of the Directors retiring by rotation and Director being appointed, as required by Clause 49(IV)(G)(i) of the Listing Agreement entered into with the Stock Exchanges, are given in the Report on Corporate Governance forming part of the Directors' Report.



4. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 14th July, 2005 to Thursday, 21st July, 2005, both days inclusive, for the purpose of payment of dividend, if declared at the Annual General Meeting.
5. The dividend on equity shares as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid at par on or after Wednesday, 27th July, 2005 to Members holding shares in physical form and whose names appear on the Company's Register of Members as holders of Equity Shares on Thursday, 21st July, 2005. In respect of Shares held in electronic form, the dividend will be paid to the beneficial owners of the Shares as at the end of the business hours on Wednesday, 13th July, 2005 as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited.
6. Shareholders holding shares in electronic form may please note that their Bank account details, as furnished by their respective Depositories to the Company, will be printed on their Dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such Shareholders for deletion of / change in such Bank details furnished by their respective Depositories to the Company. Further, instructions if any, given by them in respect of Shares held in physical form will not be automatically applicable to the dividend payable on Shares held in electronic mode. **Shareholders who wish to change such Bank account details are therefore requested to advise their Depository Participants about such change, with complete details of Bank account.**
7. Members are requested to:
  - (a) Notify any change in their address to the Registrar and Share Transfer Agent, M/s. Intime Spectrum Registry Limited; C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai – 400 078, in case of Members holding shares in physical form and update such details with their respective Depository Participants, in case of Members holding shares in electronic form.
  - (b) Bring their attendance slips alongwith the copies of the Annual Report to the Meeting.
8. Pursuant to the provisions of Section 205 of the Companies Act, 1956, the Company has already transferred the unclaimed/unpaid dividend declared upto and including the financial year ended 31st March, 1995 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Shareholders who have so far not claimed or collected their dividends upto the aforesaid financial year are requested to forward their claims in the prescribed Form II of the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978 to:

Office of the Registrar of Companies  
Central Government Office Building  
"A" Wing, 2nd floor  
CBD Belapur, Navi Mumbai, Maharashtra – 400 614

In terms of the provisions of Sections 205A and 205C of the Companies Act, 1956, as amended, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid dividend account, is required to be transferred to the Investor Education and Protection Fund established by the Central Government (hereinafter referred to as the 'said Fund'). Accordingly, unclaimed/unpaid dividend for the financial years ended 31st March, 1996 and 31st March, 1997 has been transferred to the said Fund. Unclaimed dividend for the financial period ended 30th September, 1998 and thereafter (wherever declared) is still lying with the Company. The Members, who have not yet encashed the dividend warrants for the period ended 30th September, 1998, financial year ended 31st March, 1999, 31st March, 2001, 31st March, 2002, 31st March, 2004 and 31st March, 2005 (interim dividend) are requested to claim it from the Company at the earliest **since no claim shall lie against the Company or the said Fund after transfer as mentioned above.**
9. All documents referred to in the above Notice and the accompanying Explanatory Statement are open for inspection at the Registered Office of the Company on all working days (except Saturdays, Sundays and holidays) between 10.00 a.m. and 12.30 p.m. up to the date of the Annual General Meeting.
10. Members holding shares under multiple folios in the identical order of names are requested to consolidate their holdings into one folio.
11. Members who hold Shares in physical form can nominate a person in respect of Shares held by them singly or jointly pursuant to the provisions of Section 109A of the Companies Act, 1956. Members who hold Shares in a single name are advised, in their own interests, to avail of the nomination facility by completing and submitting Form no.2B, in duplicate, to the Company's Registrar and Share Transfer Agent, M/s. Intime Spectrum Registry Limited. Blank forms will be supplied by M/s. Intime Spectrum Registry Limited on request. Form No.2B can also be downloaded from the website of the Company at [www.shreyas.co.in](http://www.shreyas.co.in) under the section 'Investors Area'. Members holding Shares in the dematerialised form may contact their Depository Participant for recording the nomination in respect of their Shares.
12. Members desirous of getting any information about the Accounts and/or Operations of the Company are requested to address their queries to the Company Secretary at least seven days in advance of the Meeting so that the information required can be made readily available at the Meeting.

By Order of the Board of Directors

**Registered Office:**  
1110/1111, Embassy Centre  
Nariman Point  
Mumbai - 400 021  
21st April, 2005

**Namrata Malushte**  
Company Secretary

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****1. Item No.7**

Mr. S. Ramakrishnan was appointed as the Chairman and Managing Director for a period of five years with effect from 1<sup>st</sup> April, 2004 at a salary of Rs. 1,50,000/- per month and other perquisites. The shareholders had approved his appointment as well as remuneration at the 16<sup>th</sup> Annual General Meeting held on 23<sup>rd</sup> July 2004. The Department of Company Affairs vide its letter no.1/99/2004-CL. VIII dated 14th September, 2004 approved the appointment of Mr. S. Ramakrishnan and payment of remuneration as approved by the shareholders.

Mr. S. Ramakrishnan is 44 years of age. He is the driving force of the Company. He is a Commerce Graduate having extensive experience in the Shipping Industry including ship owning, chartering and ship management. His expertise in all facets of running container feeder services has helped the Company in making all round progress including achieving consistent profitability.

Considering his strenuous efforts and absolute expertise in the Shipping Industry, the Board of Directors at its meeting held on 21st April, 2005 revised his remuneration as under subject to the approval of shareholders. The enhanced remuneration shall be payable with effect from 21st April, 2005.

Enhanced remuneration payable to Mr. S. Ramakrishnan:

**a) Salary:** Rs. 2,75,000/- per month

**b) Perquisites:**

- i) contribution to provident fund, super-annuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
- ii) gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
- iii) encashment of leave at the end of the tenure.

**c) Perquisites allowable to Mr. S. Ramakrishnan, being a Non-resident Indian**

**(i) Children's education allowance:**

In case of children studying in or outside India, an allowance limited to a maximum of Rs.5,000/- per month per child or actual expenses incurred, whichever is less. Such allowance is admissible upto a maximum of two children.

**(ii) Holiday passage for children studying outside India/family studying abroad:**

Return holiday passage once in a year by economy class or once in two years by first class to children and to the members of the family from the place of their study or stay abroad to India if they are not residing in India with Mr. S. Ramakrishnan.

**(iii) Leave Travel Concession**

Return passage for self and family in accordance with the rules specified by the Company where it is proposed that leave be spent in the home country instead of anywhere in India.

The above enhancement in the remuneration payable to Mr. S. Ramakrishnan was also approved and recommended by the Remuneration Committee.

**MINIMUM REMUNERATION**

In the event of loss or inadequacy of profits in any financial year during the currency of the tenure of Mr. S. Ramakrishnan, the remuneration and perquisites and any other allowances as specified above may be paid to Mr. S. Ramakrishnan as minimum remuneration, provided that the total remuneration by way of salary and perquisites shall not, unless approved by the Central Government, exceed the ceiling as provided in Section II of Part II of Schedule XIII to the Act or within such ceiling limits as may be prescribed under Schedule XIII from time to time or the Act as may be re-codified.

Approval of the Members under Section 269 read with Schedule XIII to the Companies Act, 1956, is required for payment of remuneration to Managing Director. Hence, the Board of Directors commends Resolution at Item No. 7 of the accompanying Notice for your approval.

None of the Directors other than Mr. S. Ramakrishnan and Mr. S. Mahesh (who is a relative) are concerned or interested in this Resolution.

**2. Item No.8**

Mr. Anil Devli was appointed as an Additional Director (Wholetime Director) of the Company with effect from 21<sup>st</sup> April, 2005 by the Board of Directors at its Meeting held on the same day. As per Section 260 of the Companies Act, 1956, an Additional Director holds office upto the date of the Annual General Meeting only. The Company has received notice under Section 257 of the Companies Act, 1956 from a Member of the Company with requisite deposit signifying the intention to propose the appointment of Mr. Anil Devli as a Wholetime Director of the Company.

Mr. Anil Devli aged about 42 years, is a law graduate from Government Law College, Mumbai. He began his career as an Apprentice with a leading Law firm. Thereafter he set up his independent practice with special emphasis on Marine and Admiralty law. During this period, he successfully handled several marine claims for shipping companies in India. He joined Shreyas Shipping Limited as its Chief Executive Officer in mid 1996 and has since then been looking after the affairs of the Company under the guidance of the Board of Directors. He is currently on the Board of Indian National Shipowners' Association and is the Vice Chairman of Narottam Morarjee Institute of Shipping.





Remuneration payable to Mr. Anil Devli:

- a) **Salary:** Rs. 1,50,000/- per month.  
 b) **Perquisites:** Perquisites referred to in Category I, II and III below:

**Category I**

- i. **Leave Travel Allowance:** Leave travel allowance for self and family once in a year subject to ceiling of one month's salary in a year.  
 ii. **Medical Benefits:** Medical expenses incurred for self and family not exceeding Rs. 15,000/-  
 iii. **Personal Accident/Mediclaim Insurance:** As per the Company's policy.

**Category II**

- i. **Contribution to Provident Fund:** Company's contribution to Provident Fund shall be 12% of the salary.  
 ii. **Gratuity Payable:** Gratuity payable shall not exceed half month's salary for each completed year of service, subject to the ceiling as per the Payment of Gratuity Act, 1972.  
 iii. **Leave Encashment:** As per the company policy.

For the purpose of Provident Fund, Gratuity, Leave Encashment, the service of the Wholetime Director will be considered continuous with the Company from the original date of his joining.

**Category III**

- i. **Car and Telephone:** The Company shall provide telephone (including mobile phone) & car with chauffeur for use on Company's business. The Company shall meet all the running expenses, maintenance and other expenses whatsoever incurred in this respect.  
 ii. **Earned/Privilege Leave:** Earned/Privilege Leave with full pay including allowances as per the Company's Rules but not more than one month's leave for 11 months of service. Leave rules shall be as per the Company's policy.  
 iii. **Reimbursement of Entertainment Expenses:** Reimbursement of entertainment expenses actually and properly incurred for the business of the Company as well as other expenses incurred in the performance of duties on behalf of the Company.

**MINIMUM REMUNERATION**

In the event of loss or inadequacy of profits of the Company in any financial year, the Executive Director shall be entitled to payment by way of salary, perquisites, as specified above subject to the restrictions specified under Section II(A) of part II of Schedule XIII of the Companies Act.

The appointment of Mr. Anil Devli as Wholetime Director and payment of remuneration as above was approved and recommended by the Remuneration Committee. The above remuneration shall be payable to Mr. Anil Devli with effect from 21st April, 2005.

Mr. Devli holds 6200 equity shares in the Company as on date.

The Board of Directors is confident that his vast knowledge and varied experience will be of great value to the Company and hence, commends Resolution no.8 for your approval.

None of the Directors, other than Mr. Anil Devli, is interested in the Resolution.

**3. Item No. 9**

Mr. S. Ragothaman was appointed as an Additional Director of the Company with effect from 23rd July, 2004 by the Board of Directors at its Meeting held on the same day. As per Section 260 of the Companies Act, 1956, an Additional Director holds office upto the date of the Annual General Meeting only. The Company has received notice under Section 257 of the Companies Act, 1956 from a Member of the Company with requisite deposit signifying the intention to propose the appointment of Mr. S. Ragothaman as a Director of the Company.

Mr. S. Ragothaman aged 59 years is a Commerce Graduate and a Chartered Accountant. He is Ex General Manager of erstwhile ICICI Ltd (since merged with ICICI Bank Ltd). During his almost 3 decades of service at ICICI, he had exposures in Project finance, Investment Banking, Leasing and other financials services. He has represented ICICI Ltd on the Boards of various companies including ICICI Asset Management Co. Ltd and ICICI Bank. After moving out of ICICI Ltd in 1997 he has been offering advisory services to Corporates in the areas of Fund mobilisation, Mergers and Acquisitions, Business restructuring, Micro finance etc. He is currently on the Board of following Companies.

Company	Position	Committee Memberships and Position <sup>1</sup>
The Bombay Dyeing & Mfg. Co. Ltd.	Director	Audit Committee – Member
Xpro India Ltd.	Director	Audit Committee – Chairman
Ennore Foundries Ltd.	Director	Audit Committee – Member Investor Grievance/Share Transfer Committee – Member
Semam Microfinance Intelligent Empowerment Ltd	Director	—

1. Only Membership/Chairmanship of Audit Committee and Shareholders'/Investors' Grievance Committee have been disclosed.

Mr. S. Ragothaman holds 3,000 Equity shares in the Company as on date.

The Board of Directors is confident that his vast knowledge and varied experience will be of great value to the Company and hence, commends Resolution no.9 for your approval.

None of the Directors, other than Mr. S. Ragothaman, is interested in the Resolution.

**4. Item No.10**

Presently, the Directors of the Company who are not in whole-time employment of the Company are compensated only by way of sitting fees for attending the meetings of the Board and its Committees. As per Section 309 of the Companies Act, 1956, a director who is not in the whole-time employment of the company nor a managing director may be paid remuneration by way of commission if the company by special resolution authorises such payment. Also, the remuneration paid to all such directors together, where the company has a managing or whole-time director, shall not exceed 1% of the net profits of the company without the approval of the Central Government.

Taking into account the increase in the activities of the Company and the consequent increase in the responsibilities of the Directors as also the various amendments to Laws, Rules and Regulations casting onerous responsibilities on the Directors of the Company not in whole-time employment, it is proposed that in terms of Section 309(4) of the Companies Act, 1956, the Directors (apart from the Managing Director and the Whole-time Directors) be paid for each of the five financial years of the Company commencing 1st April, 2005, remuneration not exceeding 1% per annum of the net profits of the Company computed in accordance with the provisions of the Companies Act, 1956. This remuneration will be distributed amongst all or some of the Directors in accordance with the directions given by the Board.

All the Directors of the Company except the Chairman & Managing Director and Mr. Anil Devli, the Wholetime Director, are concerned or interested in the Resolution at Item no.10 of the Notice to the extent of the remuneration that may be received by them. Mr. S. Ramakrishnan, Chairman & Managing Director, being a relative of Mr. S. Mahesh, is concerned or interested in this Resolution to the extent of the remuneration that may be received by Mr. S. Mahesh pursuant to this resolution.

**5. Item No.11**

Article no. 91(3) of the Articles of Association of the Company provides that sitting fees payable to the directors for attending the meetings of the Board and its Committees shall be such sum as may be prescribed by the Board of Directors from time to time not exceeding the limit as may be prescribed by the Companies Act, 1956 and Rules thereunder. Clause 49(l)(B) of the Listing agreement with the Stock Exchanges mandates, inter-alia, that all fees paid to Non-executive directors, including independent directors, shall be fixed by the Board of Directors and shall require previous approval of the Shareholders in the general meeting. Therefore, as a matter of abundant caution, approval of the Shareholders is being sought for payment of sitting fees to the Directors other than the Managing Director or Wholetime Directors of the Company for attendance at all Meetings of the Board or any Committee thereof.

The Board of Directors commends Resolution at Item no.11 of the accompanying Notice for your approval.

Mr. S. Ramakrishnan, being a relative of Mr. S. Mahesh is interested in this Resolution. All the other Directors, other than Mr. Anil Devli, the Wholetime Director, are also interested in this Resolution.

**6. Item No.12**

As per the proviso to Section 163(1) of the Companies Act, 1956, a company may, with the approval of its Shareholders accorded by way of special resolution, maintain its Register and Index of Members at any place other than the registered office of the Company. For administrative convenience, it is proposed that the Register and Index of Members be maintained at the office of M/s. Intime Spectrum Registry Limited, the Registrar and Share Transfer Agent of the Company, at C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai – 400 078.

The Register and Index of Members will be open for inspection by the Members at the said office of M/s. Intime Spectrum Registry Ltd. during working hours on any business day. The Board of Directors commends Resolution at Item no.12 of the accompanying Notice for your approval.

None of the Directors is interested in the said resolution.

By Order of the Board of Directors

**Registered Office:**  
1110/1111, Embassy Centre  
Nariman Point  
Mumbai - 400 021  
21st April, 2005

**Namrata Malushte**  
Company Secretary



## Directors' Report

Your Directors are pleased to present the Seventeenth Annual Report and the audited accounts for the financial year ended 31st March, 2005.

### FINANCIAL PERFORMANCE

	Current Year ended 31.03.2005	(Rs. in Lacs) Previous Year ended 31.03.2004
Operating Income	9683.74	7689.86
Other Income	82.22	693.08
Profit before Interest, Depreciation and Tax	3567.37	1964.14
Less: Interest	85.44	174.65
Depreciation	756.70	786.93
<b>Profit before Tax and Prior Year Adjustment</b>	<b>2725.23</b>	<b>1002.56</b>
Less: Prior Year Adjustment	11.02	—
Less: Provision for Current Taxation	25.11	77.30
Provision for Deferred Tax	—	194.47
Provision for Prior Year Tax	4.66	—
<b>Profit After Tax Before Exceptional Item</b>	<b>2684.44</b>	<b>730.79</b>
Add: Exceptional Items	—	—
Reversal of Impairment Loss	121.44	—
Reversal of Deferred Tax	767.80	—
<b>Profit after Tax and Exceptional Items</b>	<b>3573.68</b>	<b>730.79</b>
Add: Balance brought forward from previous year	795.48	465.05
<b>Amount available for appropriation</b>	<b>4369.16</b>	<b>1195.84</b>
<b>Appropriations:</b>		
Transfer to General Reserve	1287.30	—
Transfer to Impairment Reserve	300.00	—
Transfer to Capital Redemption Reserve	390.00	—
Transfer to Tonnage Tax	568.00	—
Interim Dividend paid	138.77	—
Interim Preference Dividend paid	117.00	—
Tax on dividend paid	33.43	—
Proposed Equity Dividend	257.71	237.89
Tax on Equity Dividend	33.68	30.48
Proposed Preference Dividend	—	117.00
Tax on Preference Dividend	—	14.99
<b>Balance carried to Balance Sheet</b>	<b>1243.27</b>	<b>795.48</b>

### DIVIDEND

The Board of Directors, at its meeting held on 22nd January, 2005, declared an Interim dividend at the rate of 7% on Equity Shares and at the rate of 9% on 9% non-convertible, cumulative, redeemable Preference Shares (i.e., Re.0.70 per Equity Share of Rs.10/- each and Rs.9/- per Preference Share of Rs.100/- each respectively) for the year ending 31st March, 2005. The payment of Interim dividend on Equity Shares and Preference Shares entailed a cash outflow of Rs.156.91 lacs and Rs.132.29 lacs respectively including dividend distribution tax.

As regards Preference shares, no further dividend is payable for the year and the interim dividend is to be treated as final dividend. Considering the excellent performance of the Company for the year under review and the future requirement of funds by the Company, the Board of Directors is pleased to recommend a Final dividend at the rate of 13% on Equity Shares for the year ended 31st March, 2005. The payment of Final dividend on Equity Shares will entail a cash outflow of Rs.291.39 lacs including dividend distribution tax. Thus, the total dividend on Equity Shares for the year ended 31st March, 2005 amounts to Rs.2 per share (20%) as compared to Re.1.20 per share (12%) paid last year.

### REVIEW OF OPERATIONS

#### (a) Business and future prospects

A booming freight market and the introduction of tonnage tax regime have caught the shipping industry on a high wave, with the Indian fleet tonnage crossing the 7.6 million GRT (gross registered tonnage) mark for the first time. With the massive fleet acquisition plans undertaken by the Indian shipping companies, it is expected that the Indian fleet would cross the 10 million GRT mark shortly. Performance of major ports, as measured by cargo handled, has registered an impressive growth in the fiscal 2004-05.

The freight market is witnessing the biggest boom over the past 50 years. After a softening of the rates in early December 2004, the shipping freight market is likely to hit a new trajectory. The outlook for growth of Indian shipping remains positive with the continuing firm trends in the freight market and introduction of tonnage tax.

Your Company has made steady progress throughout the year under review. It made a significant stride recording a Profit after Tax and Exceptional Items of Rs.3573.68 lacs for the year under review as compared to Rs.730.79 lacs for the previous year. The operating income has increased significantly from Rs.7689.86 lacs for the year ended 31st March, 2004 to Rs.9683.74 lacs for the year under review. Your Company's performance was mainly driven by the buoyancy in the charter markets and firming up of freight rates. More importantly, its results for the year demonstrate a consistent financial performance and continued momentum. During the year, your



Company continued to leverage its existing relationships and successfully embarked on cost saving measures. Efforts are being made for further cost reduction, increase in business and market development which are expected to further boost performance.

Your Company continues to receive unstinted cargo support from most main lines that in turn are seeing increased volumes thanks to the booming Exim trade. The domestic logistics services offered by your Company continue to grow and it has and shall continue to acquire necessary hardware to support the logistic services. The coming year continues to hold out tremendous opportunities for expansion of current capacities, and growth by venturing into new trades and your Company intends to keep pace with the needs of the economy and trade. One of the major initiatives for this year is expansion and rationalisation of existing fleet strength. The year forward promises to be yet another exciting, albeit challenging year.

**(b) Finance**

During January, 2005, your Company acquired 'M. V. Orient Victory', a 569 Teu second hand container vessel thereby augmenting its fleet strength to seven container vessels. Purchase of this vessel was financed partly from internal accruals and partly by availing rupee term loan from ICICI Bank Ltd. on attractive terms and conditions. This capacity addition has come at an appropriate time to enable your Company to introduce newer services and thereby provide a cutting edge service to its customers. During the year under review, your Company has placed an order for building a new container vessel of 1070 teus at Singapore.

Due to increased cash accruals, your Company prepaid outstanding loan from State Bank of India amounting to Rs.160 lacs during November, 2004 thereby further reducing its outstanding debt. As a precautionary measure, your Company has renewed working capital facility of Rs.5 crores with Standard Chartered Bank during the year.

During the year under review, your Company has opted for tonnage tax regime. Its application having being accepted by the Income Tax authorities, the tax liability has reduced to Rs.25.11 lacs for the year under review as compared to Rs.77.30 lacs for the previous year.

Your Company continues to report year-over-year improvement in revenues, gross margin and Earnings per share, which has improved its bottom-line performance and strengthened its cash position. We believe that the actions your Company continues to take to reduce costs, improve operational efficiencies and sharpen market share will allow it to increase its revenues further and improve profitability as we move through fiscal 2005-06.

During the year under review, your company has created 'Asset Impairment Reserve' of Rs. 300 lakhs and 'Capital Redemption Reserve' of Rs. 390 lakhs in order to meet the future contingencies and redemption.

**MANAGEMENT DISCUSSION AND ANALYSIS**

A detailed review of the operations, performance and future outlook of the Company and its business is given in the Management Discussion and Analysis appearing as Annexure I to this Report.

**TRANSFER TO THE INVESTOR EDUCATION AND PROTECTION FUND**

In terms of Section 205C of the Companies Act, 1956, an amount of Rs.2.44 lacs, being unclaimed dividend for the year ended 31st March, 1997 was transferred during the year to the Investor Education and Protection Fund established by the Central Government.

**QUALITY**

Your Company has continued its endeavour to maintain a high standard of excellence through its adherence to the highest Quality and Safety standards. It continues to maintain safe working practices and establishes safety measures against all identified risks. Your Company has been pursuing quality over the past several years. We realise that all actions we have taken so far would be futile, if the quality of services offered by us do not meet the customer expectations and therefore, Quality is practiced as a culture at Shreyas. Your Company has been re-certified by DNV Quality Registrar in accordance with the Standard ISO 9001:2000 upto 31st October, 2006.

**FIXED DEPOSITS**

The Company has not accepted fixed deposits from the public during the period under review.

**CONTRIBUTION FOR TSUNAMI RELIF FUND:**

The Tsunami waves which hit India for the first time wrecked a major part of the southern India, killing thousands of people and leaving tens of thousands homeless. Your company having realized its social responsibility has through Indian National Shipowners' Association contributed Rs. 1,54,540/- to the Tsunami Relief Fund. All the shore employees of your Company have also voluntarily contributed their one day's salary to the Prime Ministers' National Relief Fund.

**DIRECTORS**

In view of the revision of nomination of Director on the Board of your Company by ICICI Bank Ltd., Mr. Amitabha Ghosh has been appointed as Nominee Director of your Company with effect from 21st May, 2004 in place of Mr. M. Sudhendranath. Your Company records its sincere appreciation to the dedicated and distinguished services of Mr. Sudhendranath and for his valuable contributions to the deliberations of the Board.

Mr. S. Ragothaman was appointed as Additional Director with effect from 23rd July, 2004, to hold office till the conclusion of the forthcoming Annual General Meeting of the Company. The Company has received notice under Section 257 of the Companies Act, 1956 from a member proposing the appointment of Mr. Ragothaman as a Director of the Company.

Mr. Anil Devli was appointed as Additional Director (Executive Director) at the Board Meeting held on 21st April, 2005, to hold office till the conclusion of the forthcoming Annual General Meeting of the Company. The Company has received notice under Section 257 of the Companies Act, 1956 from a member proposing the appointment of Mr. Anil Devli as an Executive Director of the Company.

Mr. L. B. Culas and Capt. P. P. Radhakrishnan retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment.

The above appointments form part of the Notice of the Annual General Meeting and the Resolutions are recommended for your approval.

Profiles of these Directors, as required by Clause 49 of the Listing Agreement, are given in the Report on Corporate Governance forming part of this Report.



### **VOLUNTARY DELISTING OF SHARES**

In accordance with the resolution passed by the Shareholders at the 16th Annual General Meeting of the Company held on 23rd July, 2004, the Company's Equity shares were delisted from the Madras Stock Exchange Ltd., Cochin Stock Exchange and The Stock Exchange, Ahmedabad during the year. The Equity shares continue to be listed on The Stock Exchange, Mumbai and the National Stock Exchange of India Limited.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, the Directors confirm that, to the best of their knowledge and belief;

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) appropriate accounting policies have been selected and applied consistently, and such judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2005 and of the profit of the Company for the year ended on 31st March, 2005;
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) the annual accounts have been prepared on a 'going concern' basis.

### **CORPORATE GOVERNANCE**

As required by Clause 49 of the Listing agreements entered into with the Stock Exchanges, a detailed Report on Corporate Governance is given as Annexure II to this Report alongwith the Auditors' Certificate on its compliance by the Company (Annexure III) and applicable certification of the Chief Executive Officer and Chief Financial Officer (Annexure IV).

### **AUDITORS**

M/s. Sridhar & Santhanam, Chartered Accountants, retire at the conclusion of the 17th Annual General Meeting and offer themselves for re-appointment. A Certificate from the Auditors has been received to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

The observations made in the Auditors' Report are self explanatory and therefore do not call for any further comments under section 217(3) of the Companies Act, 1956.

### **COST AUDIT**

The Central Government has not recommended cost audit of the Company during the year under consideration.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO**

Under the Notification No.GSR 1029, dated 31st December, 1988, companies are required to furnish prescribed information regarding conservation of energy and technology absorption. This, however, does not apply to your Company, as the shipping industry is not included in the Schedule to the relevant rules.

With regard to foreign exchange earnings and outgo, the position is as under:

	<b>Rs. in Lacs (2004-05)</b>
(i) Foreign exchange earnings (on accrual basis)	9700.06
(ii) Foreign exchange outgo including operating components and spare parts, cost of ship and other expenditure in foreign currency (on accrual basis)	4587.13

### **PERSONNEL**

Information as per section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, forms part of this Report. However, as per the provisions of section 219(1)(b)(iv) of the said Act, this Report and the Accounts Statement are being sent to all Shareholders excluding the Statement of Particulars of Employees under section 217(2A). Any Shareholder interested in obtaining a copy of the statement may write to the Company Secretary at the Registered Office of the Company.

### **ACKNOWLEDGMENTS**

Your Directors thank the Company's clients, vendors, charterers, business associates, main line operators, investors and bankers for their continued support during the year. It will be your Company's endeavour to build and nurture strong links with them based on mutuality, respect and co-operation with each other. Your Directors take this opportunity to thank all employees for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain at the forefront of the industry despite increased competition from several existing and new players.

Your Directors place on record their appreciation for the unstinted support and continued co-operation that the Company received from the Government of India, the Ministry of Shipping, the Ministry of Finance, the Directorate General of Shipping, the Mercantile Marine Department, the Stock Exchanges, the Reserve Bank of India, the Central Board of Excise and Customs, and other Government agencies. Your Directors also express their sincere thanks to the Indian National Shipowners' Association, port authorities, insurance companies, protection and indemnity clubs for their continued support during the year.

**For and on behalf of the Board of Directors**

Place : Mumbai  
Date : 21st April, 2005

**S. Ramakrishnan**  
Chairman & Managing Director

## Management's Discussion and Analysis (Annexure I to the Directors' Report)

### Industry review

The performance of the Indian shipping industry continued to be impressive during the fiscal 2004-05. There has been a noticeable increase in charter hire rates and the upward momentum is expected to continue, given the shortage of available capacity in fiscal 2005-06. The major driver contributing to the surging charter rates is the lack of available tonnage supply whilst the demand remains strong. The shipping industry is now on a cyclical upswing and is passing through the most phenomenal era wherein the freight rates have sky scrapped incredibly. The increased freight rates can be accredited, besides other factors, to the increasing demand from China, increasing industrial production of major economies, tighter supply-demand balance and a stronger global economy.

Shipping, like any other industry, depends on the economy. The Economic Survey 2004-2005 reveals that the year 2004-05 began on a promising note with buoyant industrial growth, early onset of monsoon and forecast of a normal rainfall. The cargo handled at major ports exceeded the target of 270.35 million tonnes by 2.1 per cent in the first ten months of the year under review and was 11.1 per cent above the achievement in the same period of the previous year. In 2004-05 (upto December, 2004), cargo handled by major ports registered a 10.9 per cent growth, compared with the 9.9 per cent growth seen in 2003-04. Buoyed by the steady global freight rates, Indian shipping tonnage has touched an all-time record of 7.69 million GRT as on October 1, 2004. The tonnage tax regime proposed from 2005 is reported to have triggered the acquisition of ships. Governmental support, by announcing a level-playing field to the shipping industry, seems to have provided the requisite boost to Indian shipping companies.

Markets have shown remarkable resilience during the year 04-05. Freight rates for dry and wet cargo are expected to remain firm. Positive changes like tonnage tax introduction and increasing refining capacity in the country leading to increase in crude oil imports is adding to the upturn. Also, with a further cut announced as a part of the Union Budget 05-06 in the corporate tax structure, shipping companies under tonnage tax regime will pay further lesser tax. The sea borne trade continues to expand, bringing benefits for consumers across the world through low and decreasing freight costs. Thanks to the growing efficiency of shipping as a mode of transport and increased economic liberalisation, the prospects for the industry's further growth continue to be strong. Throughout the last century the shipping industry has seen a general trend of increases in total trade volume. Increasing industrialisation and the liberalisation of national economies have fuelled free trade and a growing demand for consumer products. Advances in technology have also made shipping an increasingly efficient and swift method of transportation. The Government of India is attaching high priority to the development and expansion of port infrastructure. Given the above background, shipping companies are set for a smooth sail.

### Performance review of Shreyas

#### ● Operational review

Your Company operates under diverse business segments, being charter hire services, feeder services and domestic shipping services. This provides flexibility to deploy vessels on charter / freight service depending on market scenario and hedge against downturn in any particular segment. The present fleet strength comprises seven container vessels with capacities ranging from 350-1200 Teus viz. Orient Prosperity, Orient Patriot, Orient Strength, Orient Independence, Orient Aishwarya, OEL Vision (name changed from 'Orient Vision') and Orient Victory.

Three of its vessels are presently deployed on charter and balance four vessels are engaged in coastal feeder and domestic services. Charter hire income has increased during the year due to the global spurt in charter hire rates. Freight income has increased during the year on account of an increase in average realisation rate and through volume revenues. The Jawaharlal Nehru Port, on 1st January, 2005, awarded a certificate to your Company for handling the highest volume of containers at its Shallow Berth for the calendar year 2004. Your Company handled 16,537 Teus equivalent to approximately 31% of the total volume handled at Shallow berth by the port during the year 2004.

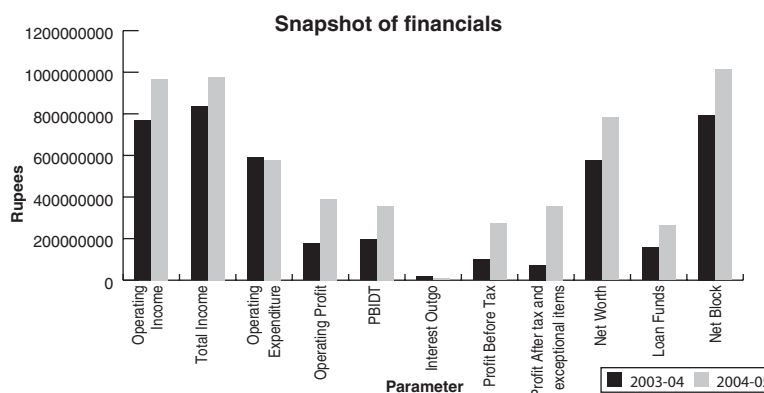
In view of the support from its valued clients, your Company has, during the year, extended its service to cater to the need for containerised shipments to the ports of Colombo and Chittagong. During the last three years, your Company has been fast building on another opportunity, i.e., coastal domestic transportation by sea and facilitating seamless, door-to-door multimodal operations within the country with various tailor made packages to suit the requirements of the clients, thus providing an ideal solution for movement of cargo. The domestic logistics services offered by your Company continue to grow and your Company has and shall continue to acquire necessary hardware such as containers to support the logistic services. The growth of the logistic services is in keeping with the growing evolution in the transportation business and changing outlook. New business models have been identified during the year resulting in overall increase in the domestic volumes and net retentions. Your Company boasts of a reputed clientele who have reposed confidence in the Company, given its history of trustworthy and high quality services.

#### ● Financial review

During the fiscal 2004-05, the focus was on improving bottomline, rather than pushing revenues alone. Your Company re-organised its business model, concentrating on the higher profitability segment, i.e., coastal feeder services. The change in strategy has worked positively for your Company and the revenues have risen sharply indirectly resulting in a rise in profitability.

Some significant financial highlights for the year 2004-05 as compared to the previous year:

- Operating income rises by 25.93% to Rs.9683.74 lacs from Rs.7689.86 lacs.
- Total Income increased by 16.50% from Rs.8,382.93 Lacs in 2003-04 to Rs.9765.97 Lacs in 2004-05.







- Operating Expenditure reduced by 2.59% from Rs.5,925.77 Lacs in 2003-04 to Rs.5772.37 Lacs in 2004-05.
- Operating profit at Rs.3911.37 lacs higher by 121.72% from a profit of Rs.1764.09 lacs.
- Profit before Interest, Depreciation and Tax (PBIDT) increased by 81.63% from Rs.1,964.14 Lacs in 2003-04 to Rs.3567.37 Lacs in 2004-05.
- Interest Outgo reduced by 51.08% from Rs.174.65 Lacs in 2003-04 to Rs.85.44 Lacs in 2004-05.
- Net profit before Tax and before Prior period items at Rs.2725.23 lacs as compared to profit of Rs.1002.56 lacs, (which includes an amount of Rs.522.09 lacs profit on sale of vessel). Excluding the profit on sale of vessel, the Net profit before Tax and before Prior period items during FY 2004-05 would be Rs.2725.23 lacs as against Rs.480.47 lacs during FY 2003-04, which is an increase of 467.20%.
- Net profit after Tax and Exceptional items rises by 389.02% to Rs. 3573.68 lacs from Rs.730.79 lacs.
- Net worth (including preference share capital) at Rs. 7817.86 lacs as at 31st March, 2005, an increase of 35.93% over Rs.5751.27 lacs as at 31st March, 2004.
- Loan funds as at 31st March, 2005 stand at Rs.2624.74 lacs, an increase of around 65.89% over Rs.1582.24 lacs as at 31st March, 2004.
- Net Block increased by 27.37% from Rs.7945.95 Lacs in 2003-04 to Rs.10121.12 Lacs in 2004-05
- For the very first time in its history, your Company has declared interim dividend as a small token of its appreciation for the support received from Shareholders during trying times and with a view to share the results of a promising performance with its Shareholders.

Due to availability of surpluses, outstanding loan from State Bank of India amounting to Rs.160 lacs was prepaid in November, 2004 thereby further reducing the outstanding debt. In order to enhance its capacity to meet the requirements of the trade, during January, 2005, your Company purchased 'Orient Victory', a 569 TEU second hand container vessel, the purchase whereof was financed partly from internal accruals and partly by debt arrangement with ICICI Bank Ltd. Your Company has, during the year, renewed the working capital arrangements on attractive terms.

Your Company's application for opting for tonnage tax regime has been accepted by the Income tax authorities which is expected to largely benefit the Company in terms of saving in tax. An increasing proportion of your Company's business is in currencies other than Indian rupees. In order to manage the risks from foreign currency rate fluctuations, your Company is taking positions in foreign currency markets to hedge its receivables. It continues to monitor its costs and implement cost restraint and efficiency building actions where so identified so as to keep providing a cutting edge service to its customers.

#### **Outlook on opportunities**

Reports from experts reveal that the upward swing in the shipping industry is likely to continue for a further period and there will be continued undersupply of charter ships. The freight income and liner profitability will underpin the charter market. Other than a change in the sentiment, which can always buck a trend, there is little today to suggest a softening in the charter rates for the foreseeable future.

Globally, containerization of general cargo has consistently increased and stands at about 80% of general cargo volumes generated. During the year 2004, container traffic in India was at 4.3 million TEU, which is estimated to reach 5.0 & 7.4 million TEU by the year 2007 and 2011 respectively. Main lines operating global container liner services rely exclusively on feeder container ships for profitability of operation, which is the core area for your Company. The international standard transshipment facilities at Chennai and JNPT have and will improve the number of mainline calls in India and will have a positive impact on the growth of the feeder market.

With the general cargo traffic increasing at the compound annual growth rate (CAGR) of 15.7 percent, the volumes of future containerised cargo is slated for a high growth. The container growth in India is also expected to increase following liberalisation with private sector demonstrating its readiness to participate in infrastructure development. The major commodities that can be containerised include mainly general cargo in break bulk form, i.e., low volume commodities. A substantial part of this traffic is expected to be containerised in future.

Reviewing the development of liner business since its inception across the world, it has been observed that container shipping would be the most imperative choice for movement of dry cargo in the coming years and liner business is likely to take a crucial role in promoting the prospects of shipping industry. Following the global trend, Indian ports are also geared up to take the role of a hub port by developing necessary infrastructure to attract large size mother vessels. Looking at the overall aspect of the industry, it can be concluded that future of container liner business would be bright enough.

The Union Government has unveiled a far-reaching maritime policy for ports, shipping, dredging and inland water transport. The Shipping Ministry has suggested a dedicated freight corridor between Tughlakhabad and the Jawaharlal Nehru port to cater to the increasing container movement between the two places. Also, with effect from February 1, 2005, the cargo-related charges for coastal vessels have been cut by 40 per cent, with a view to give a boost to coastal shipping. Further, India's long-cherished dream of an international transshipment hub, which will lure cargo away from the neighbouring port of Colombo, is finally coming true with Vishinjam and Vallarpadam both being actively promoted by the State and Union Governments respectively. Liberalisation and privatisation policy taken up by the Government of India has resulted into the commissioning of new ports like Mundra and Pipavav. The tonnage tax regime for shipping companies, whereby tax would be calculated basis the net registered tonnage alongwith the reduction in corporate tax rate announced as a part of the Union Budget 2005-06 would lower the effective taxation rate for shipping companies and have a salutary effect on the fortunes of your Company. Increasing usage of Information Technology (IT) in shipping activities like usage of softwares for ship operations and cargo handling at ports and various other software products has increased the efficiency and productivity, reducing substantially the volume of paper transfer and increasing transparency of shipping operations.

With the above in mind, looking ahead in the next fiscal 05-06, the Company expects a further growth in both revenue and earnings. It will continue its strong focus on the domestic business that has started to deliver results and has gained momentum.

During the current year your Company proposes to acquire new vessels to expand its scope of services in order to exploit the emerging growth opportunities in the shipping industry, with the present cyclical uptrend likely to continue for next 2-3 years. Capacity expansion would also help to diversify into other allied services, reduce average age of the present fleet and provide potential for increasing financial leverage to capitalize on low debt-equity ratio. We will also concentrate on reorganisation of our business model, identifying areas that would help scale up your Company's business and provide steady, higher profitability margins on a long-term basis. We also propose to initiate freight services on the East Coast of India that would offer a low cost alternative route for the cargo via upcoming container terminals on the East Coast of India. With the upswing in the economy, India has taken steps to improve and strengthen its relationship within the SAARC region. Your Company is

studying the prospects of running a service connecting ports within the SAARC region. SAFTA accord in January 2004 is a step in the right direction and this will increase bilateral trade more so between India and Pakistan. Experts opine that the trade between India and Pakistan of about USD300 -400 million per year alone has a potential to grow to about USD10 billion per year. Your Company sees this as a potential area of operation with the objective of covering the Indian sub continent.

The coming months continue to hold out tremendous opportunities for expansion of current capacities, and growth by venturing into new trades and your Company intends to keep pace with the needs of the economy and trade. Having created a leadership position in the container feeder segment through sustained operational excellence, we look at a gradual expansion in the scope of our activities. We remain confident of continuing robust growth for the current fiscal and the years to come. Your Company has envisioned itself to play a dominant role in the coastal container feeder industry and in domestic transportation in containers with an in depth knowledge of the feeder market, excellent cost control and the ability to source suitable tonnage with the right mix of owned and chartered tonnage. It is reconnoitering opportunities of expansion in the near future so as to take advantage of the upswing in the industry. Simultaneously, we are also exploring avenues to diversify into other streams of shipping operations.

#### **Outlook on Threats, Risks and Concerns**

Amongst the cyclical industries, the shipping industry is characterized by the shortest buoyancy period and longest recessionary period. The Indian shipping industry is subject to a number of perceived risks such as decline in global charter / freight rates, economic and political risks, inadequate infrastructure facilities, global competition, lack of capacity and congestion at ports, volatile markets, maritime hazards, port state controls, amendment in Government policies and regulations, etc.

Development of minor ports has been a painstakingly slow process. Further, a developed shipping industry evolves only on a strong foundation of logistics and rail-road networks which certainly need to be improved further. Although India's manpower costs are lower than most other industrialised countries in the world, the complete benefit of this advantage has not materialised and the overall operating cost for Indian shipping companies continues to be high. The shipping industry, being highly capital intensive, there is no assurance that this additional financing will be available when needed or, if available, may be on favourable terms. In the event such needed financing is not obtained, the operations may be materially and adversely affected. Also, lack of effective Treasury Management may lead to a liquidity crunch during emergent situations or lower returns on capital employed.

Another challenge for Indian shipping companies is the replacement of ageing tonnage. The average age of Indian fleet as on 1st July, 2004 was 16.9 years. In the coastal fleet, about 51.5% was over 20 years and nearly 22.9% was between 15 and 19 years. Thus, over 59% of the Indian fleet needs to be replaced within the next 5 years or so.

Incidence of service tax on dredging as announced in the Union Budget 2005-06 will increase the port operation cost and is likely to have a cascading effect on port charges. The demands of the shipping industry that sale of ships under Tonnage tax should not attract Minimum Alternate tax has not found favour with the Government.

The industry competitiveness is a key not only to grow but also to survive. If the Indian shipping industry needs to emerge as a key facilitator and accelerator towards economic development, it needs to increase its competitiveness, which would ensure infusion of both local and foreign capital, technology upgradation and above all the best talent for the development of the sector and consequently for the economy. For increasing the International competitiveness of the Indian shipping industry, a lot of groundwork still remains to be done where the role of the Government as a catalyst assumes great significance. Seafarers short supply and lack of manpower and drainage to foreign flag of personnel is a major risk.

Your Company has a Risk Management Team in place, which is constantly involved in taking timely and appropriate steps and measures to mitigate and reduce the various risks to which the Company is subject.

#### **Internal control systems and their adequacy**

The Company has laid down policies, guidelines and procedures, which form part of its internal control system. The Company's internal control systems are periodically tested and supplemented by an extensive programme of internal audit by an independent firm. Audits are finalised and conducted based on internal risk assessment. Significant findings are brought to the notice of the Audit Committee of the Board and corrective measures recommended for implementation.

#### **Human resources**

As at 31st March, 2005, the Company had 38 shore staff and 186 floating staff.

People are the key resource in any service business. Quality then becomes a direct function of the skills sets developed by the business. As a part of its commitment towards enhancing employee competencies, your Company concentrates on training its employees to enable them to improve their performance and knowledge base. During the current fiscal, various human resource initiatives have been successfully carried out. Your Company concentrates on performance management systems to link employee compensation with performance, growth and development.

#### **Cautionary statement**

Statements in this report describing the company's objectives, projections, estimates and expectations may be forward looking statements, within the meaning of applicable laws and regulations, based on beliefs of Shreyas' Management. Such statements reflect the Company's current views with respect to the future events and are subject to risks and uncertainties. Many factors could cause the actual result to be materially different from those projected in this report, including amongst others, changes in the general economic and business conditions, changes in the currency exchange rates and interest rates, introduction of competing services, lack of acceptance of new services, and changes in business strategy. Shreyas does not intend to assume any obligation to update any forward-looking statements or information, which speak as of their respective dates reflecting circumstances arising after this date or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

**For and on behalf of the Board of Directors**

Place : Mumbai  
Date : 21st April, 2005

**S. Ramakrishnan**  
Chairman & Managing Director



## Report on Corporate Governance

(Annexure II to the Directors' Report)

(As required by Annexure IC to Clause 49 of the Listing Agreements entered into with the Stock Exchanges)

### I. Corporate Governance Philosophy and Practice

At Shreyas, our pursuit towards achieving good governance is an ongoing process, thereby ensuring transparency, accountability and responsibility in all our dealings with our employees, Shareholders, consumers and the community at large.

Shreyas believes that for a company to succeed it must maintain high standards of corporate conduct towards all its stakeholders, employees, consumers and society. Our primary objective is to create and adhere to a corporate culture of conscience, consciousness and openness and to develop capabilities and identify opportunities that best serve the goal of value creation, thereby creating an outperforming organisation.

We have endeavoured to comply with the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges as revised by the Securities and Exchange Board of India (SEBI) vide its Circular no. SEBI/CFD/DIL/CG/1/2004/12/10 dated 29th October, 2004 (hereinafter referred to as 'Clause 49') and with the norms and disclosure requirements pertaining thereto.

### II. Board of Directors

#### Composition of Board of Directors

The composition of the Board is in accordance with the requirements set forth by Clause 49 in this regard. All the Directors are experts in their respective fields / professions. The Board consists of eight Directors (including a Nominee Director appointed by ICICI Bank Ltd.) of which one is an Executive Director and seven are Non-Executive Directors. The Chairman and Managing Director is an Executive Director. The Board has four Independent Directors. The Board has at its meeting held on 21st April, 2005 appointed Mr. Anil Devli as an Additional Director (Executive Director) of the Company.

Details, as on date, of the composition of the Board and changes therein since the last Report, category of the Directors and their attendance at Board meetings and the last Annual General Meeting, number of their other directorships and Committee Memberships / chairmanships are given below:

Name of the Director	Category of Directorship <sup>1</sup>	Number of Board meetings attended out of four held during the year 2004-05	Attendance at the last AGM (23.07.04)	No. of Directorships in other public limited companies as on 31.03.2005	No. of Committee positions held in other public limited companies as on 31.03.2005 <sup>2</sup>	
					Chairman	Member
<b>Mr. S. Ramakrishnan</b> Chairman & Managing Director	ED	4	Yes	7	NIL	NIL
<b>Mr. V. Ramnarayan</b> Director	NED (NI)	4	Yes	7	NIL	NIL
<b>Mr. S. Mahesh</b> Director	NED (NI)	1	Yes	7	NIL	NIL
<b>Mr. L. B. Culas</b> Director	NED (NI) <sup>3</sup>	3	Yes	NIL	NIL	NIL
<b>Mr. K. P. Medhekar</b> Director	NED (I)	4	Yes	3	NIL	1
<b>Capt. P. P. Radhakrishnan</b> Director	NED (I)	4	Yes	2	NIL	1
<b>Mr. M. Sudhendranath</b> <sup>4</sup> Director appointed as Nominee by ICICI Bank Ltd.	NED (I)	1	N.A.	N.A.	N.A.	N.A.
<b>Mr. Amitabha Ghosh</b> <sup>4</sup> Director appointed as Nominee by ICICI Bank Ltd.	NED (I)	3	Yes	11	4	5
<b>Mr. S. Ragothaman</b> <sup>5</sup> Director	NED (I)	2	N.A.	4	1	4

Notes:

- Category of Directorship:  
ED – Executive Director  
NED (NI) – Non-Executive Director and not Independent  
NED (I) – Non-Executive Director and Independent
- As required by Clause 49 of the Listing agreement entered into with the Stock Exchanges, only Membership / Chairmanship of the Audit Committee and Shareholders' / Investors Grievance Committee have been considered. None of the Directors of the Company is a Member in more than 10 Committees or acts as Chairman of more than 5 Committees across all companies in which he is a Director.
- In accordance with the revised definition of 'Independent Director' as per Clause 49, Mr. L. B. Culas who was classified as 'Independent Director' in the last report, has now been classified as Director who is not Independent.
- With effect from 21st May, 2004, Mr. Amitabha Ghosh was nominated by ICICI Bank Limited as Director of the Company in place of Mr. M. Sudhendranath.
- Appointed as Additional Director by the Board of Directors at its meeting held on 23rd July, 2004.



**Number of Board meetings**

Four Board meetings were held during the year ended on 31st March, 2005. These were on 20th May, 2004, 23rd July, 2004, 20th October, 2004, and 22nd January, 2005.

The gap between any two Board meetings did not exceed four months as required by Clause 49 of the Listing agreement with the Stock Exchanges prior to its revision during October, 2004.

**Information supplied to the Board**

To enable the Board members to discharge their responsibilities effectively and take informed decisions, a detailed Agenda folder with explanation on each item is sent to each Director well in advance of the Board meeting. All the Agenda items are discussed in detail during the Board meeting. The Chairman and Managing Director presents a synopsis on the overall performance and operations of the Company to all Board members.

The information as specified in Annexure 1A to Clause 49, is made available to the Board whenever applicable and materially significant.

**Code of Conduct**

In line with Shreyas' commitment to promoting integrity and maintaining the highest standard of ethical conduct in all its activities, the Board of Directors, at its meeting held on 22nd January, 2005 adopted a Code of Business Conduct and Ethics (the "Code") to help ensure compliance with legal requirements and standards of business conduct for Shreyas. The purpose of the Code is to deter wrongdoing and promote ethical conduct. The matters covered in this Code are of the utmost importance to the Company, its stockholders and its business partners, and are essential to the Company's ability to conduct its business in accordance with its stated values.

The Code applies to all Directors on the Board of Directors of the Company (except where non-Whole-time Directors have been specifically excluded) and to members of the Senior Management Team of the Company. The Whole-time Directors and members of the Senior Management Team of the Company are expected to abide by this Code as well as other applicable Company policies or guidelines. All Board members and the Senior Management personnel of the Company have affirmed compliance with the Code during the period 22nd January, 2005 (date from which the Code is in effect) to 31st March, 2005. The Code has been posted on the website of the Company, i.e., www.shreyas.co.in.

**III. Audit Committee of Directors (Audit Committee)**

**Composition**

The Board of Directors constituted an Audit Committee in February, 2001. Its present composition is as follows:

Name	Position held	Category
Mr. Amitabha Ghosh <sup>1+2</sup>	Chairman	Non-Executive and Independent Director
Mr. M. Sudhendranath <sup>3</sup>	Chairman	Non-Executive and Independent Director
Mr. K. P. Medhekar	Member	Non-Executive and Independent Director
Capt. P. P. Radhakrishnan <sup>2+3</sup>	Member	Non-Executive and Independent Director
Mr. S. Ragothaman <sup>4</sup>	Member	Non-Executive and Independent Director
Ms. Namrata Malushte <sup>5</sup>	Secretary	Company Secretary
Ms. Megha Samtani <sup>5</sup>	Secretary	Company Secretary

**Notes:**

1. Mr. Amitabha Ghosh was appointed as Member of the Audit Committee with effect from 23rd July, 2004.
2. Mr. Amitabha Ghosh was appointed as Chairman of the Audit Committee in place of Capt. P. P. Radhakrishnan with effect from 19th October, 2004.
3. Capt. P. P. Radhakrishnan was appointed as Chairman of the Audit Committee in place of Mr. M. Sudhendranath with effect from 23rd July, 2004.
4. Appointed as member of the Audit Committee with effect from 23rd July, 2004.
5. Ms. Namrata Malushte was appointed as Secretary of the Audit Committee in place of Ms. Megha Samtani with effect from 22nd January, 2005.

All the members of the Audit Committee are financially literate. In view of their professional qualification and experience in finance, Mr. Amitabha Ghosh and Mr. S. Ragothaman are considered to have accounting or related financial management expertise.

The Chief Financial Officer, Senior Manager – Finance & Accounts, representative of the Internal auditors and the Statutory auditors are permanent invitees to the meetings of the Audit Committee.

**Terms of reference**

The powers and terms of reference of the Audit Committee are as mentioned in Clause 49(II)(C) and 49(II)(D) of the Listing agreement and Section 292A of the Companies Act, 1956.

The terms of reference are briefly described below:

- a. To investigate into any matter in relation to the items specified in Section 292A of the Companies Act, 1956 or referred to it by the Board.
- b. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- c. Recommend the appointment, re-appointment and, if required, the replacement or removal of statutory auditor, fixation of audit fee and also approval for payment for any other services.
- d. Review with the management, the annual and quarterly financial statements before submission to the Board for its approval.



- e. Review with the management, performance of statutory and internal auditors and the adequacy of internal control systems.
  - f. Reviewing the adequacy of internal audit function and discussion with internal auditors on any significant findings and follow up thereon.
  - g. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
  - h. Discussion with external auditors before the audit commences on the nature and scope of audit as well as to have post-audit discussion to ascertain any area of concern.
  - i. To look into the reasons for substantial default in the payment to the depositors, debenture holders, Shareholders (in case of non-payment of declared dividends) and creditors.
- The Audit Committee reviews, besides other items, the Management discussion and analysis report, report on significant related party transactions, letters of internal controls by the statutory auditors, Internal audit reports and the appointment and terms of remuneration of Internal auditor. It is vested with necessary powers, as defined in its Charter, to achieve its objectives.

#### Meetings and attendance during the year

During the financial year under review, three meetings of the Audit Committee were held, i.e., on 14th May, 2004, 19th October, 2004 and 21st January, 2005 where all the members and the Secretary were present.

The Minutes of the Audit Committee Meetings are noted by the Board of Directors at the Board Meetings. As a matter of policy, Minutes of the Audit Committee meetings are circulated to all Directors within one week of the conclusion of the meeting.

The Chairman of the Audit Committee was present at the 16th Annual General Meeting held on 23rd July, 2004.

#### IV. Shareholders' / Investors Grievance Committee of Directors

##### Composition

The Board of Directors constituted a Shareholders' / Investors Grievance Committee in June, 2001. Its present composition is as follows:

Name	Position held	Category
Mr. K. P. Medhekar	Chairman	Non-Executive and Independent Director
Mr. V. Ramnarayan	Member	Non-Executive Director; Not Independent
Ms. Namrata Malushte <sup>1</sup>	Secretary	Company Secretary & Compliance Officer
Ms. Megha Samtani <sup>1</sup>	Secretary	Company Secretary & Compliance Officer

Notes:

1. Ms. Namrata Malushte was appointed as Secretary of the Shareholders' / Investors Grievance Committee in place of Ms. Megha Samtani with effect from 22nd January, 2005.

##### Terms of reference

- a. Review the existing investor redressal system and suggest measures for improvement.
- b. Resolution of investor grievances / complaints.
- c. Suggest improvement in investor relations.
- d. Consider and take on record Certificate from a practicing Company Secretary under Clause 47(c) of the Listing agreement.
- e. Propose to the Board of Directors, the appointment / re-appointment of the Registrar and Share Transfer Agent, including the terms and conditions, remuneration, service charge / fees.

#### Meetings and attendance during the year

The Company has held two meetings of the Shareholders' / Investors Grievance Committee during the year ended on 31st March, 2005. These were on 29th April, 2004 and 7th October, 2004. All members of the Committee and the Secretary were present at the above meetings.

The Secretarial Department of the Company, under the supervision of the Company Secretary, who is also nominated by the Company as the "Compliance Officer" as required under Sebi regulations / Listing agreement and the Registrar and Share Transfer Agent, M/s. Intime Spectrum Registry Ltd. attend to all grievances of the Shareholders and the investors. The Company and M/s. Intime Spectrum Registry Ltd. are making further attempts to ensure that the grievances are expeditiously addressed and redressed to the full satisfaction of the Shareholders. The Directors review the position on all major investor grievances at meetings of the Board of Directors and the Shareholders' / Investors Grievance Committee.

A comparative statement of the various complaints received and redressed by the Company and M/s. Intime Spectrum Registry Ltd. during the year 2004-05 is given below:

Nature of complaints	Number of complaints	
	Received	Pending
Non-receipt of dividend	26	0
Non-receipt of Share certificates after transfer	31	0
Non-receipt of Annual report	9	0
Non-receipt of demat credit / remat credit	8	0
Non-receipt of rejected Demat Requisition Form	21	0
Others (not included above)	5	0
TOTAL	100	0

**V. Remuneration Committee**

**Composition**

The Board of Directors constituted a Remuneration Committee in January, 2004. Its present composition is as follows:

Name	Position held	Category
Capt. P. P. Radhakrishnan	Chairman	Non-Executive and Independent Director
Mr. K. P. Medhekar	Member	Non-Executive and Independent Director
Mr. M. Sudhendra Nath <sup>1</sup>	Member	Non-Executive and Independent Director
Mr. S. Ragothaman <sup>1</sup>	Member	Non-Executive and Independent Director
Ms. Namrata Malushte <sup>2</sup>	Secretary	Company Secretary
Ms. Megha Samtani <sup>2</sup>	Secretary	Company Secretary

Notes:

- Mr. S. Ragothaman was appointed as Member of the Remuneration Committee in place of Mr. M. Sudhendra Nath with effect from 23rd July, 2004.
- Ms. Namrata Malushte was appointed as Secretary of the Remuneration Committee in place of Ms. Megha Samtani with effect from 22nd January, 2005.

**Terms of reference**

- Determine the Company's policy on specific remuneration packages for Executive Directors.
- Bring about objectivity in determining the remuneration package of Executive Directors while striking a balance between the interest of the Company and the Shareholders.
- Recommend the remuneration package of Executive Directors to the Board for its approval.

**Meetings during the year**

No meetings of the Remuneration Committee were held during the year ended 31st March 2005 as there has been no revision in the remuneration paid / payable to the Directors of the Company during the said year.

**Remuneration Policy**

**a. For Executive Directors**

The Board of Directors is authorised to decide the remuneration of the Executive Director(s), subject to the recommendation of the Remuneration Committee of Directors and approval of the Shareholders and the Central Government, if required. The details of remuneration paid to Mr. S. Ramakrishnan, Chairman & Managing Director for the year 2004-05 have been disclosed in Note no.9 to the accounts. The same is paid in terms of the approval received from the Central Government vide its letter bearing reference no. 1/99/2004-CL.VII dated 14th September, 2004 which is valid from 1st April, 2004 upto 31st March, 2009.

**b. For Non-Executive Directors**

All fees / compensation paid to Non-Executive Directors is fixed by the Board of Directors of the Company with the previous approval of the Shareholders in the General meeting. Presently, Non-Executive Directors are paid remuneration by way of Sitting fees of Rs.5,000/- per Board and Audit Committee Meeting attended (revised from Rs.2,000/- per meeting with effect from 24th July, 2004). The Board of Directors has at its meeting held on 21st April, 2005 further revised the sitting fees payable to Non-Executive Directors to Rs. 10,000/- per Board and Audit Committee Meeting attended. The details of sitting fees paid to the Non-Executive Directors for the year 2004-05 and shares held by them in the Company as on 31st March, 2005 are as under:

Name of the Director	Sitting Fees for Board Meetings attended (Rs.)	Sitting Fees for Audit Committee Meetings attended (Rs.)	Number of Equity shares held in Shreyas Shipping Ltd. as on 31st March, 2005
Mr. V. Ramnarayan	14,000	—	109375
Mr. S. Mahesh	2,000	—	1762475
Mr. L. B. Culas	9,000	—	150000
Mr. K. P. Medhekar	14,000	12,000	Nil
Capt. P. P. Radhakrishnan	14,000	12,000	Nil
Mr. M. Sudhendra Nath <sup>1</sup>	2,000	2,000	Nil <sup>2</sup>
Mr. Amitabha Ghosh	12,000	10,000	Nil
Mr. S. Ragothaman	10,000	10,000	3000

Notes:

- Sitting fees paid to ICICI Bank Ltd.
- Shares held as on 21st May, 2004.

Presently, the Directors of the Company who are not in whole-time employment of the Company are compensated only by way of sitting fees for attending the meetings of the Board and its Committees. Taking into account the increase in the activities of the Company and the



consequent increase in the responsibilities of the Directors as also the various amendments to Laws, Rules and Regulations casting onerous responsibilities on the Directors not in whole-time employment of the Company, it is proposed that in terms of Section 309(4) of the Companies Act, 1956, the Directors (apart from the Managing Director and the Whole-time Directors be paid for each of the five financial years of the Company commencing 1st April, 2005, remuneration not exceeding 1% per annum of the net profits of the Company computed in accordance with the provisions of the Companies Act, 1956. This remuneration will be distributed amongst all or some of the Directors in accordance with the directions given by the Board. The commission payable to such Directors will be broadly based on the following parameters:

- Number of Board meetings and various Committee meetings attended.
- Role and responsibility as Member of the Board or Chairman / Member of the Board Committees.
- Overall contribution of the Director and role outside the Meetings.
- Overall performance of the Company during the year.

The requisite resolution for this purpose forms part of the Notice of the Annual General Meeting and is recommended to the Members for their approval.

As a matter of abundant caution, resolution for specific approval of the Members for sitting fees payable to the Non-Executive Directors also forms part of the Notice of the Annual General Meeting and is recommended to the Members for their approval.

The Company does not have a scheme for stock options for its Directors. None of the Non-executive Directors have pecuniary interest or transactions with the Company.

## VI. Other Committees

### a. Share Transfer Committee

The Share Transfer Committee has been specifically constituted for approving the transfer / transmission / transposition of shares and consolidation / splitting of folios, issue of share certificates in exchange for sub-divided, consolidated, defaced share certificates, etc. ensuring compliance with legal requirements of share transfers and co-ordination with the Registrar and Share Transfer Agent, Depositories, etc. The composition of the Committee is as follows:

Name	Position held	Category
Mr. S. Ramakrishnan	Chairman	Chairman & Managing Director
Mr. V. Ramnarayan	Member	Director
Mr. S. Mahesh	Member	Director
Ms. Namrata Malushte <sup>1</sup>	Member	Company Secretary
Ms. Megha Samtani <sup>1</sup>	Member	Company Secretary
Capt. V. K. Singh	Member	General Manager – Commercial & Operations
Mr. R. S. Radhakrishnan <sup>2</sup>	Member	Senior Manager – Finance & Accounts
Mr. Anand Meecheri <sup>2</sup>	Member	General Manager – Accounts

Notes:

1. Ms. Namrata Malushte was appointed as Member of the Share Transfer Committee in place of Ms. Megha Samtani with effect from 22nd January, 2005.
2. Mr. R. S. Radhakrishnan was appointed as Member of the Share Transfer Committee in place of Mr. Anand Meecheri with effect from 20th October, 2004.

Meetings of the Share Transfer Committee are usually held fortnightly. 24 meetings of the Share Transfer Committee were held during the year 2004-05.

## VII. General Body Meetings

### a. Particulars of the last three Annual General Meetings (AGM's)

Financial year	AGM No.	Date	Venue	Time
2003-04	16th	23rd July, 2004	Sivaswamy Auditorium of Fine Arts Cultural Centre Chembur (East) Mumbai – 400 071	11.00 a.m.
2002-03	15th	17th September, 2003		11.00 a.m.
2001-02	14th	25th July, 2002		11.00 a.m.

### b. Special resolutions passed at last three AGM's

The following two Special resolutions were passed by the Shareholders at the AGM held on 23rd July, 2004:

- Alteration of Articles of Association of the Company by replacing the Clause 91(3) on 'Sitting fees payable to Directors' by revised Clause 91(3).
- Voluntary delisting of Equity shares of the Company from Madras Stock Exchange Limited, Cochin Stock Exchange Limited and The Stock Exchange, Ahmedabad.

### c. Passing of resolutions by Postal ballot

No resolutions were passed by postal ballot during the year ended 31st March, 2005. At the ensuing Annual General Meeting, there is no resolution proposed to be passed by postal ballot.



**VIII. Disclosures**

- a. Transactions with related parties, as per requirements of Accounting Standard 18, are disclosed in Annexure to the Notes to Accounts. These are not in conflict with the interests of the Company in view of the following:
  - (i) All details relating to financial and commercial transactions, wherein Directors may have a potential interest are provided to the Board and the interested Directors neither participate in the discussion, nor do they vote on such matters.
  - (ii) These are at prices, which are reasonable, having regard to the prevailing market prices at the relevant time.
- b. Disclosures have been received from Senior Management personnel to the effect that during the year ended 31st March, 2005, there were no financial and commercial transactions in which they had personal interest that may have a potential conflict with the interest of the Company at large.
- c. With regard to matters related to capital markets, the Company has duly complied with the requirements of the Listing Agreements entered into with the Stock Exchanges as well as the regulations and guidelines of SEBI. Consequently, no penalties were imposed or strictures passed against the Company by SEBI, Stock Exchanges or any other statutory authority.
- d. As on 31st March, 2005, the Company has no Subsidiary company.
- e. The Company has fully complied with all the mandatory requirements of Clause 49.

The status of compliance with **non-mandatory requirements** stipulated by the said Clause is as under:

- Tenure of Independent Directors is not being restricted to period of nine years in the aggregate since the Board of Directors unanimously opine that the length of the tenure on the Board would not have any material negative impact on the performance of Independent directors and discharge of their duties towards the Company.
- The Board of Directors has constituted a Remuneration Committee consisting of three members, who are non-executive and independent. The Chairman of the Remuneration Committee was present at the 16th Annual General Meeting held on 23rd July, 2004.
- Since the half-yearly financial results are being published in leading newspapers as well as being displayed on the Company's website and EDIFAR website of the SEBI, the said results and summary of significant events are not being sent to each household of Shareholders.
- The Company takes concrete and conscious steps to ensure that the Auditors do not have any qualifications on the financial statements. Queries and suggestions on financial statements, if any, are addressed by the concerned Company representatives to the satisfaction of the Auditors.
- Adequate and transparent information is circulated to the members of the Board of Directors at its various meetings, which provide valuable inputs on the business of the Company and their responsibilities as Directors. Also, the Directors are kept abreast of the latest developments in Laws, Rules and Regulations, as also on the various risks to which the Company is subject and the manner in which these risks are mitigated and/or minimised. Therefore, the need for a formal training on these issues is not felt necessary presently.
- The re-appointment of Non-executive Directors is proposed and seconded at meetings of the Board of Directors basis the contribution and performance of the Director being re-appointed. The Director being re-appointed does not participate during such discussions nor does he vote on the resolution proposing his re-appointment.
- The Company presently does not have a documented Whistle Blower Policy in place. However, given its dedication to principles such as honesty, quality, responsibility, compassion, fairness, respect, adaptability and gratitude, the Company personnel feel free to report to the Management, any concerns they may have about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.

- f. Disclosure regarding appointment or re-appointment of Directors

Mr. Amitabha Ghosh was appointed as 'Nominee Director' by ICICI Bank Ltd. in place of Mr. M. Sudhendranath with effect from 21st May, 2004. Mr. L. B. Culas and Capt. P. P. Radhakrishnan retire by rotation and being eligible, offer themselves for re-appointment. Mr. S. Ragothaman, who was appointed as Additional Director by the Board at its meeting held on 23rd July, 2004, is being recommended for appointment as a Director of the Company. Mr. Anil Devli who was appointed as Additional Director (Executive Director) by the Board at its meeting held on 21st April, 2005 is being recommended for appointment as Executive Director of the Company. The brief resume of these Directors is given hereinbelow.

- i. **Name: Mr. L. B. Culas**

Experience:

Mr. L. B. Culas, a Chartered Engineer and a Chartered Shipbroker, has a cumulative maritime experience of over 27 years. He has served abroad for many years on various types of cargo vessels as an Engineer, including four years as Chief Engineer. He also possesses extensive shore experience, which includes various aspects of Container Feeder Business, right from sourcing the right kind of vessel to the actual running of the service.

Other Directorships:

Name of the companies/firm

Albatross CFS Pvt. Ltd

Aqua Container Lines Ltd., Mauritius

Balaji Shipping Co. S.A. Panama

Balaji Shipping U.K. Ltd., UK

Clarion Shipping Pvt. Ltd, Colombo

Crescent Take Global Supply Chain Limited, Mauritius

Nature of interest

Director

Director

Director

Director

Director

Director



Hayley Lines Limited, Colombo	Director
Haytrans Limited, Mauritius	Director
Jubilee Shipping Inc., Panama	Director
Lanka Orient Express Lines Ltd., Colombo	Director
Meridian Shipping & Trading Co. LLC., Oman	Director
OEL Shipping Agency SDN BHD, Malaysia	Director
Orient Express Lines (S) Pte. Ltd., Singapore	Director
Orient Express Lines Inc., Panama	Director
Orient Express Lines Ltd., Mauritius	Director
Orient Express Lines (UK) Limited	Director
Orient Express Ship Management Ltd., Mauritius	Director
Shreyas World Navigation Pte. Ltd., Singapore	Director
Transworld FZE	Director
Transworld Logistics & Shipping Services, Inc., USA	Director

Committee Memberships: NIL

**Shareholding in Shreyas Shipping Ltd as on 31st March, 2005:**

1,50,000 equity shares of Rs.10/- each.

II. **Name: Capt. P. P. Radhakrishnan**

Experience:

Capt. P. P. Radhakrishnan holds Certificate of Competency. He was appointed as Chairman and Managing Director (CMD) of Shipping Corporation of India Ltd. (SCI) during 1991-95 and has commanded various types of vessels in the SCI fleet. He has been associated with the shipping industry for several decades and has dealt with all facets of the shipping and shipbuilding industry.

Other Directorships:

<u>Name of the companies/firm</u>	<u>Nature of interest</u>
West Asia Maritime Limited	Director
ETA – Ship Management Company	Director

Committee Memberships:

<u>Name of the companies/firm</u>	<u>Name of Committee</u>	<u>Committee Position</u>
West Asia Maritime Limited	Audit Committee	Member

**Shareholding in Shreyas Shipping Ltd as on 31st March, 2005: Nil**

III. **Name: Mr. S. Ragothaman**

Experience:

Mr. S.Ragothaman aged 59 years is a Commerce Graduate and a Chartered Accountant. He is Ex General Manager of erstwhile ICICI Ltd (since merged with ICICI Bank Ltd). During his almost 3 decades of service at ICICI, he had exposures in Project finance, Investment Banking, Leasing and other financials services. He has represented ICICI Ltd on the Boards of various companies including ICICI Asset Management Co. Ltd and ICICI Bank. After moving out of ICICI Ltd in 1997 he has been offering advisory services to Corporates in the areas of Fund mobilisation, Mergers and Acquisitions, Business restructuring, Micro finance etc. He is currently on the Board of following Companies.

Other Directorships:

<u>Name of the companies/firm</u>	<u>Nature of interest</u>
The Bombay Dyeing & Manufacturing Co. Ltd	Director
Xpro India Ltd.	Director
Ennore Foundries Ltd.	Director
Semam Microfinance Intelligent Environment Ltd.	Director

Committee Memberships:

<u>Name of the companies/firm</u>	<u>Name of Committee</u>	<u>Committee Position</u>
Xpro India Ltd.	Audit Committee	Chairman
Ennore Foundries Ltd.	Audit Committee	Chairman
	Investors' Grievance Committee	Member

The Bombay Dyeing & Manufacturing Co. Ltd.	Audit Committee	Member
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**Shareholding in Shreyas Shipping Ltd. as on 31st March, 2005:**

3000 Equity shares of Rs.10/- each.

IV. **Name: Mr. Amitabha Ghosh**

Experience:

Mr. Amitabha Ghosh is around 75 years old. He is a Chartered Accountant by Profession and Fellow – Indian Institute of Bankers. He joined Allahabad Bank in July, 1951 as a First Indian Probationary Officer and was elevated to the post of CMD after holding various important assignments in the Bank. He remained CMD from May, 1977 till January, 1982.

He was Deputy Governor, RBI from January, 1982 to December, 1984 and from February, 1985 to January, 1992. He was Governor of RBI in January, 1985. He was Chairman of RBI Services Board from January, 1992 to December, 1993.

He is holding Directorships in various companies and is a Member and Chairman of various Working Groups and Committees. He has also contributed a number of articles to various publications of the Government of India and RBI.

Other Directorships:

<u>Name of the companies/firm</u>	<u>Nature of interest</u>
Associated Cement Companies Ltd.	Director
Assambrooke Ltd.	Director
Centenary Leasing Company Pvt. Ltd.	Director
Kesoram Industries Ltd.	Director
Mysore Cements Ltd.	Director
Morarjee Realities Ltd.	Director
Orient Paper & Industries Ltd.	Director
Piramal Holdings Ltd.	Director
Palit Consultancy Pvt. Ltd.	Director
Sahara India Financial Corporation Ltd.	Director
Sahara India Life Insurance Co. Ltd.	Director
Xpro India Ltd.	Director
Zenith Fibres Ltd.	Director

Committee Memberships:

<u>Name of the companies/firm</u>	<u>Name of Committee</u>	<u>Committee Position</u>
Kesoram Industries Ltd.	Audit Committee	Member
Morarjee Realities Ltd.	Audit Committee	Chairman
Sahara India Financial Corporation Ltd.	Audit Committee	Chairman
Sahara India Life Insurance Co. Ltd.	Audit Committee	Chairman
Orient Paper & Industries Ltd.	Audit Committee	Chairman

**Shareholding in Shreyas Shipping Ltd. as on 31st March, 2005:** Nil

V. **Name: Mr. Anil Devli**

Experience:

Mr. Anil Devli aged about 42 years, is a law graduate from Government Law College, Mumbai. He began his career as an Apprentice with a leading Law firm. Thereafter he set up his independent practice with special emphasis on Marine and Admiralty law. During this period, he successfully handled several marine claims for shipping companies in India. He joined Shreyas Shipping Limited as its Chief Executive Officer in mid 1996 and has since then been looking after the affairs of the Company under the guidance of the Board of Directors. He is currently also on the Board of Indian National Shipowners Association and is the Vice Chairman of Narottam Morarjee Institute of Shipping.

Committee Memberships: NIL

**Shareholding in Shreyas Shipping Ltd. as on 31st March, 2005:**

6200 Equity shares of Rs. 10/- each

IX. **Means of communication**

- The financial results of the Company are being published in leading newspapers such as the Economic Times and Maharashtra Times to provide easier accessibility to the Shareholders and are also displayed on the Company's website www.shreyas.co.in. In compliance with Clause 51 of the Listing agreement with the Stock Exchanges, the Company is posting the required statements or documents on the Electronic Data Information Filing and Retrieval 'EDIFAR' website maintained by NIC. The same can be viewed by logging on to www.sebidifar.nic.in.
- Official press releases and presentations as and when made to the media and Analysts are made available on the Company's website www.shreyas.co.in. During the year 2004-05, the Company has organised Press meets on 20th May, 2004 and 20th October, 2004. Official Press releases have been issued on 20th May, 2004; 23rd July, 2004; 20th October, 2004; 22nd January, 2005 and 25th January, 2005.
- The Management's Discussion & Analysis Report is appearing as Annexure I to the Directors' Report.

X. **Auditors' certificate on Corporate Governance**

The Auditors certificate on compliance with the Corporate Governance requirements under Clause 49 of the Listing agreements entered into with the Stock Exchanges is given as Annexure III to the Directors' Report.

XI. **Code of Conduct for prevention of Insider trading**

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company has adopted a "Code of Conduct for Prevention of Insider Trading and Corporate Disclosure Practices" with effect from 21st April, 2005. The Company Secretary has been appointed as the "Compliance Officer" for this purpose. The Code of Conduct is applicable to all Directors and such employees of the Company who are expected to have access to unpublished price sensitive information relating to the Company.





**Distribution of Shareholding as on 31st March, 2005**

Category (Nominal value of shares) From To		No. of Shareholders	% of Shareholders	Share amount(In Rs.)	% of Shareholding
Upto	2,500	12971	87.39	13990180	7.06
2,501 -	5,000	1070	7.21	4394530	2.22
5,001 -	10,000	396	2.67	3341370	1.68
10,001 -	20,000	205	1.38	3126100	1.58
20,001 -	30,000	79	0.53	1992910	1.00
30,001 -	40,000	21	0.14	733150	0.37
40,001 -	50,000	23	0.15	1110490	0.56
50,001 -	1,00,000	37	0.25	2658860	1.34
1,00,001 & above		41	0.28	166894410	84.19
<b>Total</b>		<b>14843</b>	<b>100</b>	<b>198242000</b>	<b>100</b>

**Shareholders' profile**

As on 31st March, 2005, the Company had 14843 Shareholders. The Company's Shares are held by diverse entities as per the following break-up:

Category	No. of Shares held	Percentage of Shareholding
<b>A Promoter's Holding</b>		
<b>1 Promoters</b>		
Indian Promoters:	3796600	19.15
Foreign Promoters:	12351650	62.31
<b>2 Person acting in concert</b>	94100	0.47
<b>B Non-Promoter Holding</b>		
<b>3 Institutional Investors</b>		
a. Mutual Funds and UTI	900	0.00
b. Banks, Financial Institutions, Insurance Companies	21500	0.11
<b>4 Others</b>		
a. Private Corporate Bodies	379220	1.92
b. Indian Public	3166350	15.97
c. NRIs/OCBs	13880	0.07
<b>Total (1+2+3+4)</b>	<b>19824200</b>	<b>100.00</b>

**Stock price data**

(1) The monthly high and low stock quotations during the financial year 2004-05 and performance in comparison to the BSE Sensex and S&P CNX Nifty is given below:

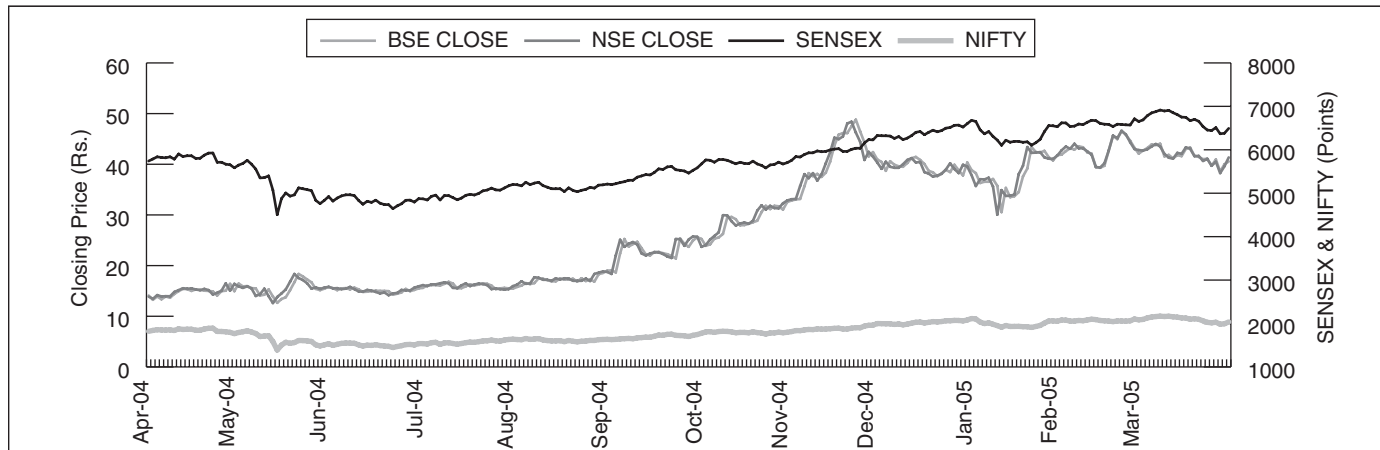
Month & Year	Share Price of Shreyas on BSE		BSE SENSEX		Share Price of Shreyas on NSE		S&P CNX Nifty	
	Month's High (Rs.)	Month's Low (Rs.)	Month's High (Index point)	Month's Low (index point)	Month's High (Rs.)	Month's Low (Rs.)	Month's High (Index point)	Month's Low (index point)
April 2004	16.59	12.85	5979.25	5599.12	16.50	13.25	1912.35	1771.45
May 2004	18.50	12.60	5772.64	4227.50	18.50	12.65	1837.95	1292.20
June 2004	18.10	14.00	5012.52	4613.94	16.60	14.10	1566.50	1437.90
July 2004	17.70	15.00	5200.85	4723.04	17.90	12.70	1638.70	1472.55
August 2004	19.50	15.00	5269.22	5022.29	19.20	15.00	1658.90	1573.70
September 2004	27.00	18.05	5638.79	5178.57	27.00	17.00	1760.80	1619.90
October 2004	32.95	23.50	5803.82	5558.14	33.00	23.75	1829.45	1737.85
November 2004	51.00	31.50	6248.43	5649.03	50.95	32.10	1963.80	1776.70
December 2004	43.40	37.05	6617.15	6176.09	43.40	37.00	2088.45	1944.50
January 2005	46.00	28.65	6696.31	6069.33	47.10	29.05	2120.15	1894.40
February 2005	48.50	38.25	6721.08	6508.33	49.00	38.25	2110.15	2036.60
March 2005	46.05	37.50	6954.86	6321.31	45.80	37.05	2183.45	1971.15



**(2) Shares traded during 1st April, 2004 to 31st March, 2005**

Particulars	On BSE	On NSE
No. of shares traded	106253354	2576869
Highest Share price	Rs.51 (on 24/11/2004)	Rs.50.95 (on 24/11/2004)
Lowest Share price	Rs.12.60 (on 17/05/2004)	Rs.12.65 (on 17/05/2004)
Closing Share price as on 31st March, 2005	Rs.41.35	Rs.40.55
Market capitalisation as on 31st March, 2005	Rs.81,97,30,670	Rs.80,38,71,310

**(3) The Company's share price movement during 2004-05 on BSE and NSE vis-à-vis respective indices:**



For and on behalf of the Board of Directors

Place : Mumbai  
Date : 21st April, 2005

**S. Ramakrishnan**  
Chairman & Managing Director

**Certificate**

**(Annexure III to the Directors' Report)**

To The Members of  
**Shreyas Shipping Limited.**

We have examined the compliance of conditions of Corporate Governance by Shreyas Shipping Ltd for the year ended on 31<sup>st</sup> March 2005 as stipulated in clause 49 of the Listing Agreement of the said company with the Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended March 31, 2005, no investor grievances are pending for a period exceeding one month against the company as per the records maintained by the company.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

**For Sridhar & Santhanam,**  
Chartered Accountants,

**(R.Suriyanarayanan)**  
Partner

(M. No. 201402)

Place: Mumbai  
Date: 21<sup>st</sup> April, 2005

## **Certification by Chief Executive Officer (CEO) and Chief Financial Officer (CFO)**

**(Annexure IV to the Directors' Report)  
(As required by Clause 49 of the Listing Agreements entered into with the Stock Exchanges)**

To  
The Shareholders and the Board of Directors  
Shreyas Shipping Limited

We, S. Ramakrishnan, Chief Executive Officer (as per Clause 49 of the Listing agreement entered into with the Stock Exchanges) and Vinay Kshirsagar, Chief Financial Officer (as per Clause 49 of the Listing agreement entered into with the Stock Exchanges), of Shreyas Shipping Limited, to the best of our knowledge and belief, certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2005, and that:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Business Conduct and Ethics.
- (c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and we have taken requisite steps to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit committee:
  - (i) Significant changes in internal control during the year;
  - (ii) Significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.
- (e) All Board members and Senior managerial personnel of the Company have affirmed compliance with the Code of Business Conduct and Ethics during the period 22nd January, 2005 (date from which the Code is in effect) to 31st March, 2005.

Place: Mumbai  
Date: 21st April, 2005

**S. Ramakrishnan**  
Chairman & Managing Director/  
Chief Executive Officer (as per Clause 49)

**Vinay Kshirsagar**  
Chief Financial Officer



## Auditors' Report

To

**The Members of Shreyas Shipping Ltd.**

1. We have audited the attached Balance Sheet of Shreyas Shipping Ltd. as at 31<sup>st</sup> March 2005, the Profit and Loss account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - (iii) The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - (iv) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - (v) On the basis of written representations received from the directors, as on 31<sup>st</sup> March 2005 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to non disclosure of information pursuant to Para 4-D, clauses a, b, c and e of Part II of Schedule VI to the Companies Act, 1956, in respect of which the exemption application made by the Company to Central Government is pending, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2005;
    - (b) In case of the Profit and Loss account, of the profit for the year ended on that date; and
    - (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For Sridhar & Santhanam.**  
Chartered Accountants

**R.Suriyanarayanan**  
Partner  
M. No. 201402

Place: Mumbai  
Date: 21st April, 2005

## Annexure to the Auditors' Report

**(Referred to in paragraph 3 of our report of even date)**

- (i)
  - (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
  - (b) The major fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
  - (c) A substantial part of fixed assets have not been disposed off during the year.
- (ii)
  - (a) Physical verification of inventory has been conducted at reasonable intervals by the management;
  - (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.



- (iii) (a) The Company has not given any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. And
- (b) The Company has also not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act.
- (iv) There is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of services. No goods are sold by the Company. There is no continuing failure to correct major weaknesses in internal control system.
- (v) (a) The particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section; and
- (b) In respect of transactions exceeding the value of Rs five lakhs in respect of each party made in pursuance of such contracts or arrangements, they have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted deposits from the public.
- (vii) The Company has an internal audit system commensurate with its size and nature of its business.
- (viii) Maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act.
- (ix) (a) The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities except for some delays in depositing Seamen's Provident fund and Tax deducted at source for crew. There are no arrears of outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date they became payable except for a tax deducted at source of Rs 480.
- (b) There are no dues of Income tax/sales tax/Wealth tax/Service tax/custom duty/excise duty/Cess that have not been deposited on account of any dispute.
- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xi) The Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) As this Company is not a Nidhi/Mutual benefit fund/Society, the provisions of special statute applicable to chit fund is not applicable to this Company.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Term loans were applied for the purpose for which the loans were obtained.
- (xvii) On an overall examination of the Balance Sheet, we report that the funds raised on short-term basis have not been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- (xix) The Company has not issued any debentures.
- (xx) No moneys have been raised during the year by public issues.
- (xxi) No fraud on or by the Company has been noticed or reported during the year.

**For Sridhar & Santhanam.**  
Chartered Accountants

**R.Suriyanarayanan**  
Partner  
M. No. 201402

Place: Mumbai  
Date: 21st April, 2005



## BALANCE SHEET AS ON 31ST MARCH, 2005

		(AMOUNT IN RUPEES)	
	Schedule	AS AT 31.03.2005	AS AT 31.03.2004
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
SHARE CAPITAL	1	328,242,000	328,242,000
RESERVES AND SURPLUS	2	550,324,540	263,294,374
		<u>878,566,540</u>	<u>591,536,374</u>
<b>LOAN FUNDS</b>			
SECURED LOANS	3	262,474,078	158,224,459
		<u>262,474,078</u>	<u>158,224,459</u>
<b>DEFERRED TAX LIABILITY (NET)</b>			
		—	76,779,891
<b>TOTAL</b>		<u>1,141,040,618</u>	<u>826,540,724</u>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
GROSS BLOCK	4	1,505,760,381	1,212,621,304
LESS : DEPRECIATION		493,648,597	418,026,683
<b>NET BLOCK</b>		<u>1,012,111,784</u>	<u>794,594,621</u>
<b>INVESTMENTS</b>			
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
INVENTORIES	6	16,820,201	16,739,318
SUNDRY DEBTORS	7	69,231,558	53,560,761
CASH AND BANK BALANCES	8	96,627,309	11,696,530
OTHER CURRENT ASSETS	9	10,879,962	6,844,101
LOANS AND ADVANCES	10	80,354,381	49,843,580
		<u>273,913,411</u>	<u>138,684,290</u>
<b>LESS : CURRENT LIABILITIES AND PROVISIONS</b>			
CURRENT LIABILITIES	11	116,156,109	83,402,415
PROVISIONS	12	29,139,468	40,036,074
		<u>145,295,577</u>	<u>123,438,489</u>
<b>NET CURRENT ASSETS</b>		<u>128,617,834</u>	<u>15,245,801</u>
<b>MISCELLANEOUS EXPENDITURE</b>			
(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)			
SHARE ISSUE EXPENSES	13	—	—
DRY DOCK/SPECIAL SURVEY EXPENSES		—	15,295,302
<b>TOTAL</b>		<u>1,141,040,618</u>	<u>826,540,724</u>
<b>NOTES TO ACCOUNTS</b>		18	

AS PER OUR REPORT ATTACHED

FOR AND ON BEHALF OF THE BOARD

**For Sridhar & Santhanam**  
Chartered Accountants

**S. Ramakrishnan**  
Chairman & Managing Director

**R. Suriyanarayanan**  
Partner  
Membership No. 201402

**V. Ramnarayan**  
Director

**Anil Devli**  
Executive Director

**K. P. Medhekar**  
Director

**Namrata Malushte**  
Company Secretary

Place : Mumbai  
Date : 21st April, 2005

Place : Mumbai  
Date : 21st April, 2005

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2005**

	Schedule	(AMOUNT IN RUPEES)	
		Year ended 31.03.2005	Year ended 31.03.2004
<b>INCOME</b>			
OPERATING EARNINGS			
a) CHARTER HIRE INCOME		414,082,438	329,160,947
b) FREIGHT INCOME		554,291,839	439,824,765
OTHER INCOME			
PROFIT ON SALE OF SHIP		—	52,209,499
MISCELLANEOUS INCOME	14	8,222,493	14,833,334
<b>TOTAL INCOME</b>		<b>976,596,770</b>	<b>836,028,545</b>
<b>EXPENDITURE</b>			
OPERATING EXPENSES	15	577,237,383	592,577,092
ADMINISTRATION & OTHER EXPENSES	16	42,622,383	47,037,732
INTEREST	17	8,543,859	17,465,457
DEPRECIATION		75,804,806	78,827,351
LESS : DEPRECIATION ADJUSTED FROM CAPITAL RESERVE		(134,703)	(134,704)
		75,670,103	78,692,647
<b>TOTAL EXPENDITURE</b>		<b>704,073,728</b>	<b>735,772,928</b>
<b>PROFIT BEFORE TAX</b>		<b>272,523,042</b>	<b>100,255,616</b>
<b>ADD/(LESS) PRIOR PERIOD ITEM</b>		<b>(1,101,944)</b>	<b>—</b>
<b>PROVISION FOR INCOME/TONNAGE TAX</b>			
— CURRENT		(2,511,000)	(7,730,000)
— DEFERRED		—	(19,446,873)
— PRIOR YEAR		(466,126)	—
<b>PROFIT AFTER TAX BEFORE EXCEPTIONAL ITEMS</b>		<b>268,443,972</b>	<b>73,078,743</b>
<b>EXCEPTIONAL ITEMS</b>			
— REVERSAL OF IMPAIRMENT LOSS		12,144,076	—
— REVERSAL OF DEFERRED TAX		76,779,891	—
<b>PROFIT AFTER EXCEPTIONAL ITEMS</b>		<b>357,367,939</b>	<b>73,078,743</b>
<b>BALANCE BROUGHT FORWARD</b>		<b>79,547,819</b>	<b>46,505,150</b>
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>		<b>436,915,759</b>	<b>119,583,893</b>
<b>APPROPRIATIONS</b>			
TRANSFER TO GENERAL RESERVE		128,730,000	—
TRANSFER TO ASSET IMPAIRMENT RESERVE		30,000,000	—
TRANSFER TO CAPITAL REDEMPTION RESERVE		39,000,000	—
TRANSFER TO TONNAGE TAX RESERVE		56,800,000	—
INTERIM EQUITY DIVIDEND PAID		13,876,940	—
INTERIM PREFERENCE DIVIDEND PAID		11,700,000	—
TAX ON DIVIDEND PAID		3,342,587	—
PROPOSED EQUITY DIVIDEND		25,771,460	23,789,040
TAX ON EQUITY DIVIDEND		3,368,008	3,047,971
PROPOSED PREFERENCE DIVIDEND		—	11,700,000
TAX ON PREFERENCE DIVIDEND		—	1,499,063
SURPLUS C/F TO BALANCE SHEET		124,326,764	79,547,819
		436,915,759	119,583,893
<b>NOTES TO ACCOUNTS</b>	18		
<b>Earnings per share-Basic and Diluted (Refer Note 15 in schedule 18)</b>		<b>17.36</b>	<b>3.02</b>

AS PER OUR REPORT ATTACHED

FOR AND ON BEHALF OF THE BOARD

**For Sridhar & Santhanam**  
Chartered Accountants

**S. Ramakrishnan**  
Chairman & Managing Director

**R. Suriyanarayanan**  
Partner  
Membership No. 201402

**V. Ramnarayan**  
Director

**Anil Devli**  
Executive Director

**K. P. Medhekar**  
Director

**Namrata Malushte**  
Company Secretary

Place : Mumbai  
Date : 21st April, 2005

Place : Mumbai  
Date : 21st April, 2005



## SCHEDULES TO BALANCE SHEET

		(AMOUNT IN RUPEES)	
		AS AT 31.03.2005	AS AT 31.03.2004
<b>SCHEDULE 1 : SHARE CAPITAL</b>			
<b>AUTHORISED</b>			
24,000,000	Equity Shares of Rs. 10/- each	240,000,000	240,000,000
1,400,000	9% Non Convertible Cumulative Redeemable Preference Shares of Rs. 100/- each	140,000,000	140,000,000
		<u>380,000,000</u>	<u>380,000,000</u>
<b>ISSUED, SUBSCRIBED AND PAID UP</b>			
19,824,200	Equity Shares of Rs. 10/- each fully Paid up Of above, 10,162,750 Equity Shares of Rs. 10/- each allotted as fully paid up pursuant to a contract without payment being received in cash.	198,242,000	198,242,000
1,300,000	9% Non-Convertible, Cumulative, Redeemable Preference Shares of Rs. 100/- each fully paid up There is a put & call option to redeem the Preference Shares at the expiry of 24 months from the date of allotment (390,000 to be redeemed after 36 months from the date of allotment) (390,000 to be redeemed after 48 months from the date of allotment) (520,000 to be redeemed after 60 months from the date of allotment) Date of allotment 22nd October, 2002	130,000,000	130,000,000
<b>TOTAL</b>		<u>328,242,000</u>	<u>328,242,000</u>
12,351,650 Equity Shares held by Holding Company Transworld Holdings Limited, Mauritius.			
<b>SCHEDULE 2 : RESERVES AND SURPLUS</b>			
<b>SECURITIES PREMIUM</b>			
	As per last balance sheet (a)	177,272,000	177,272,000
<b>GENERAL RESERVE</b>			
	As per last balance sheet	5,359,620	5,359,620
	Transfer from Profit and Loss a/c	128,730,000	—
	(b)	<u>134,089,620</u>	5,359,620
<b>TONNAGE TAX RESERVE</b>			
	Transfer from Profit and Loss a/c (c)	56,800,000	—
<b>ASSET IMPAIRMENT RESERVE</b>			
	Transfer from Profit and Loss a/c (d)	30,000,000	—
<b>CAPTIAL REDEMPTION RESERVE</b>			
	Transfer from Profit and Loss a/c (e)	39,000,000	—
<b>CAPITAL RESERVE</b>			
	As per last balance sheet	1,114,935	1,249,639
	Less : Provision for depreciation on Capital Reserve	(134,703)	(134,704)
	(f)	<u>980,232</u>	1,114,935
<b>PROFIT AND LOSS ACCOUNT:</b>			
	Balance Brought forward from Profit & Loss	124,326,764	79,547,819
	Less : Impairment Loss of Asset as per AS 28	(12,144,076)	—
	Balance Carried forward (g)	112,182,688	79,547,819
<b>TOTAL (a+b+c+d+e+f+g)</b>		<u>550,324,540</u>	<u>263,294,374</u>



**SCHEDULE 3 : SECURED LOANS**

		(AMOUNT IN RUPEES)	
		AS AT 31.03.2005	AS AT 31.03.2004
<b>LOANS FROM BANKS</b>			
<b>1. TERM LOANS</b>			
<b>(a) ICICI BANK LTD. (RUPEE LOAN)</b>		<b>223,341,750</b>	—
Secured by an exclusive charge over the Vessel M.V.Orient Victory.			
<b>(b) ICICI BANK LTD. (FCNR LOAN)</b>		<b>38,462,220</b>	102,511,943
Secured by a pari passu charge by way of mortgage of 2 ships and personally guaranteed by three directors and Orient Express Lines Inc., Panama, a company in which two Directors of the company are Directors and Orient Express Lines Ltd. Mauritius, a company in which three Directors of the Company are Directors.			
<b>(c) ICICI BANK LTD. (CAR LOAN)</b>		<b>670,108</b>	1,831,091
Secured by hypothecation of Cars.			
<b>2. WORKING CAPITAL LOANS</b>			
<b>(a) FROM STATE BANK OF INDIA</b>		—	25,911,663
Secured by way of hypothecation of current assets (including book debts) of the Vessel M.V.Orient Independence, statutory Mortgage of the company's vessels M.V.Orient Independence (first mortgage) and M.V.Orient Prosperity (second mortgage) personal Guarantee of two Directors and Corporate Guarantee of M/s Orient Express Lines Ltd., Mauritius, a company in which three Directors of the Company are Directors.			
<b>(b) FROM STANDARD CHARTERED BANK</b>		—	27,969,762
Secured by hypothecation of present and future book debts & Stocks.			
TOTAL		<b>262,474,078</b>	<b>158,224,459</b>



**SCHEDULE 4 : FIXED ASSETS**

(AMOUNT IN RUPEES)

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	COST AS AT 01.04.2004	ADDITIONS	DEDUCTIONS/ADJUSTMENTS	COST AS AT 31.03.2005	AS AT 01.04.2004	ADDITIONS	DEDUCTIONS/ADJUSTMENTS	AS AT 31.03.2005	AS AT 31.03.2005	AS AT 31.03.2004
FLEET	1,176,333,935	271,885,615	(4,199,871)	1,444,019,679	<b>403,235,100</b>	73,201,186	—	<b>476,436,286</b>	<b>967,583,393</b>	773,098,835
EQUIPMENT ON BOARD	16,050,040	1,168,944	—	17,218,984	<b>4,967,332</b>	850,716	—	<b>5,818,048</b>	<b>11,400,936</b>	11,082,708
CONTAINER EQUIPMENT	431,250	23,820,000	—	24,251,250	<b>7,502</b>	386,007	—	<b>393,509</b>	<b>23,857,741</b>	423,748
FURNITURE & FIXTURES	4,010,585	17,832	—	4,028,417	<b>1,916,803</b>	235,206	—	<b>2,152,009</b>	<b>1,876,408</b>	2,093,782
OFFICE EQUIPMENTS	10,365,705	1,381,297	—	11,747,002	<b>7,017,881</b>	675,649	—	<b>7,693,530</b>	<b>4,053,472</b>	3,347,824
VEHICLES	5,429,789	—	(934,740)	4,495,049	<b>579,075</b>	321,339	(182,892)	<b>717,522</b>	<b>3,777,527</b>	4,850,714
ADJUSTMENT FOR DEPRECIATION ON CAPITAL RESERVE	—	—	—	—	<b>302,990</b>	134,703	—	<b>437,693</b>	<b>(437,693)</b>	(302,990)
<b>TOTAL AS ON 31.03.2005</b>	<b>1,212,621,304</b>	<b>298,273,688</b>	<b>(5,134,611)</b>	<b>1,505,760,381</b>	<b>418,026,683</b>	<b>75,804,806</b>	<b>(182,892)</b>	<b>493,648,597</b>	<b>1,012,111,784</b>	<b>794,594,621</b>
TOTAL AS ON 31.03.2004	1,381,270,517	1,729,642	(170,378,855)	1,212,621,304	360,297,862	78,827,351	(21,098,530)	418,026,683	794,594,621	

Addition/(Deletion) to Fleet include Rs. 11,06,341/- (Previous Year Rs. 16,370,407) towards adjustment in respect of exchange difference.





		(AMOUNT IN RUPEES)	
		AS AT 31.03.2005	AS AT 31.03.2004
<b>SCHEDULE 6 : INVENTORIES</b>			
<b>(At lower of Cost or Net Realisable Value)</b>			
Lube Oils and Fuel Oil		16,222,574	16,019,553
Victualling Stock		597,627	719,765
	<b>TOTAL</b>	<b>16,820,201</b>	<b>16,739,318</b>
(As valued and Certified by the Management)			
 <b>SCHEDULE 7 : SUNDRY DEBTORS</b>			
<b>(Unsecured)</b>			
Over six months			
Considered good		106,950	875,156
Considered doubtful.		14,773,055	14,773,055
		<b>14,880,005</b>	<b>15,648,211</b>
<b>Less:</b> Provision for doubtful debts		<b>14,773,055</b>	<b>14,773,055</b>
		<b>106,950</b>	<b>875,156</b>
Others:			
Considered good		69,124,608	52,685,605
	<b>TOTAL</b>	<b>69,231,558</b>	<b>53,560,761</b>
 <b>SCHEDULE 8 : CASH AND BANK BALANCES</b>			
Cash on Hand		7,564,788	1,734,326
With Scheduled Banks			
Current Accounts		15,695,157	6,951,712
Fixed Deposits		71,500,000	1,800,000
(Fixed Deposits of Rs. 15 Lacs are Pledged with Bank as Margin for Guarantees issued)			
Unclaimed Dividend Account		1,867,364	1,210,492
	<b>TOTAL</b>	<b>96,627,309</b>	<b>11,696,530</b>
 <b>SCHEDULE 9 : OTHER CURRENT ASSETS</b>			
Claims Receivable			
Considered good		5,654,748	5,230,492
Considered doubtful		827,374	827,374
		<b>6,482,122</b>	<b>6,057,866</b>
<b>Less:</b> Provision for Doubtful Claim receivable		<b>827,374</b>	<b>827,374</b>
		<b>5,654,748</b>	<b>5,230,492</b>
Unfinished Voyages Expenses		5,225,214	1,613,609
	<b>TOTAL</b>	<b>10,879,962</b>	<b>6,844,101</b>

		(AMOUNT IN RUPEES)	
		AS AT 31.03.2005	AS AT 31.03.2004
<b>SCHEDULE 10 : LOANS AND ADVANCES</b>			
<b>(Unsecured, considered good, unless otherwise stated)</b>			
a)	Interest income accrued but not due	50,647	23,537
b)	Advances recoverable in cash or in kind or for value to be received (Includes an advance of Rs. 1.11 Lacs (Rs. Nil) due from a Private Company in which Directors are interested)	76,622,813	32,898,155
c)	Taxation- Advance Income / Tonnage Tax Payments Less Provisions	2,848,758	4,857,765
d)	Bills receivable		
	Considered good	—	—
	Considered doubtful	2,266,418	2,266,418
		<u>2,266,418</u>	<u>2,266,418</u>
	<b>Less:</b> Provision for Doubtful Bills receivable	<u>2,266,418</u>	<u>2,266,418</u>
		—	—
e)	Sundry Deposits		
	Considered good	832,163	12,064,123
	Considered doubtful	8,200,000	8,200,000
		<u>9,032,163</u>	<u>20,264,123</u>
	<b>Less:</b> Provision for Doubtful Deposits	<u>8,200,000</u>	<u>8,200,000</u>
		832,163	12,064,123
	<b>TOTAL</b>	<u><u>80,354,381</u></u>	<u><u>49,843,580</u></u>
 <b>Note:</b> The company has not made any loans and advances in the nature of loans to associates or loans and advances in the nature of loans where there is no repayment schedule or repayment beyond seven years or no interest or interest below the rate prescribed by Section 372A of the Companies Act, 1956. Also, there are no loans and advances in the nature of loans to firms/ companies in which the Directors are interested. The question of granting loans and advances in the nature of loans to subsidiary companies does not arise as the Company has no subsidiary company.			
 <b>SCHEDULE 11 : CURRENT LIABILITIES</b>			
	Sundry Creditors for Trade	64,475,732	55,251,489
	Creditors for Expenses	17,416,385	8,027,338
	Other Liabilities	17,310,219	17,402,034
	Unfinished Voyages Income	14,402,403	452,700
	Unclaimed Dividend	1,867,364	1,210,492
	Interest accrued but not due on loans	684,006	1,058,362
	<b>TOTAL</b>	<u><u>116,156,109</u></u>	<u><u>83,402,415</u></u>
 <b>SCHEDULE 12 : PROVISIONS</b>			
	Proposed Equity Dividend	25,771,460	23,789,040
	Provision for tax on Equity Dividend	3,368,008	3,047,971
	Proposed Preference Dividend	—	11,700,000
	Provision for tax on Preference Dividend	—	1,499,063
	<b>TOTAL</b>	<u><u>29,139,468</u></u>	<u><u>40,036,074</u></u>
 <b>SCHEDULE 13 : MISCELLANEOUS EXPENDITURE</b>			
<b>(to the extent not written off or adjusted)</b>			
	SHARE ISSUE EXPENSES		
	As per last Balance Sheet	—	1,772,538
	<b>Less:</b> Written off during the Year	—	1,772,538
	<b>TOTAL</b>	<u><u>—</u></u>	<u><u>—</u></u>





## SCHEDULES TO PROFIT AND LOSS ACCOUNT

(AMOUNT IN RUPEES)

	Year ended 31.03.2005	Year ended 31.03.2004
<b>SCHEDULE 14 : OTHER INCOME</b>		
Clearing/Forwarding Services	—	5,483,779
Interest Others (TDS Rs. 1,84,501/-, Previous Year Rs. 12,12,261/-)	1,023,356	3,615,308
Provision for Diminution in Investment no longer required	495,000	499,374
Miscellaneous Income	6,704,137	5,234,873
<b>TOTAL</b>	<b>8,222,493</b>	<b>14,833,334</b>
<b>SCHEDULE 15 : DETAILS OF OPERATING EXPENSES</b>		
Salaries, Wages & Other Allowances for Floating Staff	115,800,089	133,048,508
Fuel/Lube Oils Consumed	149,180,499	153,216,616
Slot Hire Costs	10,590,065	5,926,978
Port and Marine Dues	91,815,212	79,809,436
Stevedoring and Cargo Expenses	—	5,400
Stores and Spares Consumed	56,792,401	58,515,746
Crew Victualling	11,108,328	12,653,980
Repairs and Maintenance to Fleet	19,167,198	21,655,490
Insurance and Protection Club fee	32,053,592	43,858,691
Vessel Management and Agency Fees	36,726,077	32,953,999
Brokerage/Commission	3,842,119	—
Dry Dock Expenses (includes amortization Rs. 152.95 Lacs)	43,204,194	34,482,615
Transportation/Loading/Handling Expenses	—	6,032,387
Provision for Doubtful Claim Receivable	—	827,375
Claim Receivable written off	—	2,977,638
Sundry Expenses	6,957,609	6,612,233
<b>TOTAL</b>	<b>577,237,383</b>	<b>592,577,092</b>
<b>SCHEDULE 16 : ADMINISTRATION &amp; OTHER EXPENSES</b>		
Salaries and Other Allowances		
Salaries and Bonus	11,608,498	6,856,072
Contribution to Provident Fund	831,171	612,141
Staff Welfare	1,366,348	824,358
<b>TOTAL</b>	<b>13,806,017</b>	<b>8,292,571</b>
Postage, Telephone and Fax	2,058,561	1,443,621
Travelling and Conveyance	3,170,020	1,564,080
Legal, Professional and Audit Fees	2,662,394	1,193,260
Loan Conversion/Pre-Payment Fees	1,125,771	3,750,000
Provision for Bad Debts	—	4,111,344
Bad Debts	480,733	—
Doubtful Advances Written Off	—	2,108,242
Provision for Doubtful Bills Receivable/Deposits	—	10,466,418
Loss on Sale Investments	497,435	1,168,985
Loss on Sale of Assets	391,848	243,486
Insurance Expenses	291,176	287,111
Rent Expenses	1,212,602	989,014
Share issue Expense	—	1,772,538
Donations	1,157,290	2,002
Directors' Sitting fees	123,000	68,000
MD Remuneration	1,800,000	1,050,000
Reimbursement to Managing Director	320,400	—
Miscellaneous Expenses	9,214,429	7,940,473
Exchange Variation	4,310,707	586,587
<b>TOTAL</b>	<b>42,622,383</b>	<b>47,037,732</b>
<b>SCHEDULE 17: INTEREST</b>		
On Loans For Fixed Periods	7,658,166	12,196,809
Others	885,693	5,268,648
<b>TOTAL</b>	<b>8,543,859</b>	<b>17,465,457</b>

**SCHEDULE 18 : NOTES TO THE ACCOUNTS**  
**SIGNIFICANT ACCOUNTING POLICIES****(i) Accounting basis and convention**

The Financial Statements are prepared under the historical cost convention on an accrual basis and comply with Section 211 (3C) of the Companies Act, 1956.

**(ii) Fixed Assets**

Fixed Assets are stated at cost of acquisition less accumulated depreciation. Cost of acquisition is inclusive of freight, duties, levies and any directly attributable cost of bringing the assets to their working condition for intended use. Major improvements to the vessels are added to the cost of the vessel concerned.

When assets are retired or otherwise disposed off, the cost of such assets and the related accumulated depreciation are removed from the accounts. Any profit or loss on retirement or other disposal is reflected in the profit and loss account.

**(iii) Depreciation**

In respect of fleet, the amount determined by charging cost less residual value as technically assessed equally over the remaining estimated useful life of the fleet or depreciation at the rate prescribed (5%) under the Sch XIV of Companies Act, 1956 which ever is higher, is provided as depreciation.

In respect of software, Depreciation is provided at 33.33% on Straight line method. Depreciation of other Fixed Assets has been provided on straight line method on pro-rata basis at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

Where the cost of depreciable asset has undergone change due to increase/decrease in

(a) Long term liability on account of exchange fluctuations.

(b) Additions and major improvements forming an integral part of an asset, depreciation on such additions has been provided prospectively.

**(iv) Investments (Long Term)**

Investments are classified as long term investments and are stated at cost. Diminution in the value of investments, other than temporary in nature, is provided for.

**(v) Inventories**

Inventories are valued at Lower of Cost or Net Realisable Value. The costs are determined under "First in First out" formula.

**(vi) Foreign Exchange Transactions**

a) The exchange differences on translation of foreign currency liabilities contracted for acquisition of fixed assets from a Country outside India are added to / deleted from the cost of the relevant fixed assets in terms of Schedule VI to the Companies Act 1956.

b) In respect of forward exchange contracts covering Company's earnings, the premium or discount arising at the inception of the contract is amortised as expense or income over the life of the contract. Exchange differences on such a contract are recognised in the statement of profit and loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense for the period.

c) Current Assets and Current Liabilities are translated at the year end exchange rates. The resultant gain or loss on such translation is recognized in the Profit and Loss Account.

d) Transactions in foreign currencies are recorded at standard exchange rates prevailing in the respective months of the relevant transactions. The realized exchange gains or losses are recognized in the Profit and Loss Account.

**(vii) Income and Expenditure**

a) All Income and expenditure are accounted for, on accrual basis other than interest on overdue bills.

b) Operating Earnings represent the value of charter hire and freight earnings. Freight income is recognized on completion of the voyage.

c) Income and Expenses relating to voyages unfinished as at the date of Balance Sheet are carried forward and included under Current Liabilities and Current Assets respectively. The expenses included under unfinished voyages include fixed and semi-fixed ship operating costs.

d) Stores and Spares (other than Victualling) are charged off to Profit and Loss, on receipt.

**(viii) Retirement Benefits**

Provident Fund and Gratuity :

The Company has schemes for retirement benefits namely Provident Fund and Gratuity and contributions are charged to the Profit and Loss account. Contributions to the Provident Fund are made to the relevant authorities.

Contributions to the Gratuity Fund in respect of shore staff are made in accordance with the terms of Group Gratuity Scheme of the Life Insurance Corporation of India (LIC). The shortfall, if any between the amount payable to the employees determine on actuarial basis and accumulated sum with LIC is provided for/borne by the Company.

In respect of Floating staff, Gratuity payable to crew is accrued as per agreement with NUSI/NMB. No Gratuity is payable in respect of officers who are on contract with the Company for a period of six months or less only.

Provision for leave encashment is provided based on actual workings for leave standing to the credit of employees at period end.

**(ix) Dry Dock/Special Survey expenses**

Dry Dock/Special Survey expenses (which are normally incurred twice in a period of five years) were amortized over 2.5 years till 31<sup>st</sup> March, 2003 and thereafter this expenditure is charged to Profit and Loss account as an when incurred in line with Accounting Standard 26 on Intangible Assets.



(x) **Asset Impairment Reserve:**

Considering that Shipping is cyclical and capital intensive, the Company sets aside a portion of Net profits to Asset Impairment Reserve which will be utilized when an Impairment loss arises.

**18. NOTES ON ACCOUNTS**

1. In terms of Accounting standard 28, in June, 2004 the Company had recognized an impairment loss of Rs. 121.44 Lacs in respect of a vessel and in terms of the transitional provisions of Accounting standard 28 the amount was adjusted against the opening balance of reserves as of April 1, 2004. In view of the substantial increase in estimated cash flows since that date, the impairment loss was no longer necessary and hence this was recognized as income in the quarter ended December 31, 2004 by increasing the carrying amount of the asset.
2. In order to match the revenue and costs of Voyages better, the Company has changed the method of accounting for Unfinished voyages during this year to include the fixed and semi-fixed operating costs also in Unfinished voyage expenses, as against the practice followed hitherto of taking only variable ship operating expenses to Unfinished voyage expense account. In view of this change in accounting practice/estimate, the profit for the year is more to the extent of Rs. 31.34 Lacs.
3. The Company has opted for Tonnage tax introduced by the Finance (No.2) Act 2004 and this has been approved by IT dept on January 24, 2005 . In view of the same:
  - a) The provision for deferred taxation created by the Company in earlier years has been withdrawn as being no longer necessary and is included under exceptional items.
  - b) A provision of Rs. 14.11 Lacs has been created as tonnage tax and Rs. 11 Lacs for Tax on other Income.
  - c) An amount of Rs. 568 Lacs being 20% of the book profit has been transferred to Tonnage tax Reserve account in terms of Section 115VT -of Income tax act.
4. (a) The Board has decided to transfer Rs.178.56 Lacs (5% of the Net profits) to Asset Impairment Reserve. In addition, during the year as a matter of prudence the Board also decided to transfer a further sum of Rs. 121.44 Lacs (being the Reversal of Impairment Loss) to this Reserve, resulting in a total transfer of Rs.300 Lacs to Asset Impairment Reserve for the year.  
(b) The Board has decided to transfer Rs. 390 Lacs to Capital Redemption Reserve for redemption of Preference Shares.
5. The Company has made a contribution to a political party as follows:
  - a) Party name: Bharatiya Janata Party
  - b) Amount paid : Rs. 10 lacs (Nil)
6. Under the Loan Agreements with the company, ICICI Bank Limited has the right of conversion of part of the loan into equity in the event of any default in repayment or payment of any installment of Principal or Interest or any combination thereof on the part of the Company.
7. The company has made an application on 28<sup>th</sup> January, 2005 to the Department of Company affairs for exemption from providing information pursuant to clause 4-D, clauses a,b,c and e of Part II of Schedule VI of the Companies Act, 1956 and the order is awaited; as the approval has normally been granted in the past, the said information has not been provided herein.
8. **Dividend remitted in Foreign Currency**

	Year ended 31.03.2005 (Rupees)	Year ended 31.03.2004 (Rupees)
(i) Dividend (Gross)	2,34,68,135	—
(ii) Number of Non-resident shareholders	1	—
(iii) No. of shares held	1,23,51,650	—
(iv) Type	<b>Final &amp; Interim</b>	—
(v) For the year - Final	2003-2004	—
- Interim	2004-2005	—

**9. MANAGERIAL REMUNERATION-REMUNERATION TO MANAGING DIRECTOR \***

	Year ended 31.03.2005 (Rupees)	Year ended 31.03.2004 (Rupees)
(i) Remuneration	18,00,000	10,50,000
(ii) Education Allowance	1,20,000	—
(iii) Holiday Passage	50,400	—
(iv) Leave Travel Allowance	1,50,000	—
(vi) Contribution to Provident Fund	2,16,000	1,26,000
Total	<u>23,36,400</u>	<u>11,76,000</u>

\* The above figure do not include contribution to Gratuity fund as separate figures are not available

**10. AUDITORS REMUNERATION**

	Year ended 31.03.2005 (Rupees)	Year ended 31.03.2004 (Rupees)
(I) As Auditors (including Service Tax)	330,600	270,000
(ii) In other capacity( including Service Tax)		
a) Tax Audit Fees	27,550	27,000
b) Fees for Limited Review of Quaterly Accounts	153,510	81,000
c) Transfer Pricing Audit Fees	55,100	54,000
d) Fees for other services	186,290	32,100
(iii) Out of Pocket Expenses	128,665	172,845

**11. a) CONTINGENT LIABILITIES NOT PROVIDED FOR**

	Year ended 31.03.2005 (Rupees)	Year ended 31.03.2004 (Rupees)
i) Claims against the Company not acknowledged as debts	1057.00 Lacs	1057.00 Lacs
ii) Tax matters	—	6.55 Lacs

b) Estimated amount of Contracts remaining to be executed as Capital Account and not provided for: Rs. 11,33,382 Thousand

**12. Segment Reporting:**

- (a) The Company's business is only in one segment namely Shipping.
- (b) All the ships are registered in India and all the income is based on US Dollars and the Ships can be used in any part of the world for any customer at any loaction.Hence there are no distinguishable business or geographical segments for providing segment reports.

**13. Intangible Assets**

- a) Dry Dock/Special Survey expenses included under Miscellaneous Expenditure.

	(Rs. in Lacs)	
Particulars	Year ended on 31.3.2005	Year ended on 31.3.2004
Accumulated balance at the beginning	152.95	383.69
Addition during the year	Nil	Nil
Total	152.95	383.69
Charged to Profit and Loss Account during the year	152.95	187.65
Net Balance	—	196.04
Retirement / Disposal during the year	—	43.09
Net Balance	—	152.95

- b) Software is amortised over 3 Year and included under Office equipment in Schedule-4:  
Fixed Assets.

	(Rs. in Lacs)	
Particulars	Year ended on 31.3.2005	Year ended on 31.3.2004
Opening Balance	Nil	Nil
Addition during the year	6.14	Nil
Total	6.14	Nil
Amortisation	0.82	Nil
Closing Balance	5.32	Nil



**14. Accounting for Lease**

- a) The Company has taken Containers on Operating Lease and the lease rental of Rs.99.50 Lacs (Rs. 20.65 Lacs) is charged to the Profit and Loss account.
- b) The Company has taken Vehicles on Operating Lease and the lease rental of Rs.3.85 Lacs (Rs. NIL) is charged to the Profit and Loss account.

**15. Working of Earning Per Share:**

Particulars	Year ended on 31.3.2005	Year ended on 31.3.2004
Weighted average number of Equity shares	198.24 Lacs	198.24 Lacs
Nominal value Per Shares	Rs. 10/-	Rs. 10/-
Profit for the year after Tax (adjusted for previous year expenses)	Rs. 3,573.68 Lacs	Rs.730.79 Lacs
Less: Provision for proposed Preference Dividend + Tax	Rs. 132.29 Lacs	Rs.131.99 Lacs
Net Balance available to Equity Shareholders	Rs. 3,441.39 Lacs	Rs.598.80 Lacs
Earning Per Share (Basic & Diluted) including exceptional item.	Rs. 17.36	Rs. 3.02
Earning Per Share (Basic & Diluted) excluding exceptional item.	Rs. 12.87	Rs. 3.02

16. There are no dues to small scale industries undertakings.

**17. RELATED PARTY TRANSACTIONS**

(Amount in Rs,000)

TRANSACTION	Holding company*	Fellow subsidiaries*	Other related parties*	Key Management personnel*	Relatives of Key Management personnel*	Total as at 31.03.2005	Total as at 31.03.2004
<b>Charter hire income from related parties</b>							
Orient Express Lines Ltd., Mauritius	—	281,986	—	—	—	281,986	276,677
<b>Service / freight income from related parties</b>							
Balaji Shipping (UK) Ltd.	—	17,901	—	—	—	17,901	11,642
Orient Express Lines Ltd., Mauritius	—	20,551	—	—	—	20,551	1,791
Orient Express Lines (S) Pte Ltd., Singapore	—	206	—	—	—	206	187
Aqua Container Lines Ltd., Mauritius	—	—	—	—	—	—	7
Transworld Logistics Pvt. Ltd.	—	—	—	—	—	—	32
Meridian Shipping Agency Pvt. Ltd.	—	—	—	—	—	—	26
Relay Shipping Agency Ltd.	—	—	60,517	—	—	60,517	30,776
<b>Invoicing and freight collection income from related parties (Net)</b>							
Orient Express Lines Ltd., Mauritius	—	46	—	—	—	46	27
Orient Express Lines (S) Pte. Ltd., Singapore	—	11	—	—	—	11	7
						—	—
<b>Container Rent Received</b>							
Balaji Shipping (UK) Ltd.	—	1,026	—	—	—	1,026	—
						—	—
<b>Vessel management fees paid to related parties</b>							
Orient Express Ship Management Ltd.	—	—	17,521	—	—	17,521	18,662
<b>Agency Fees paid to related parties</b>							
Relay Shipping Agency Ltd.	—	—	10,535	—	—	10,535	1,393
Clarion Shipping (Pvt). Ltd.	—	—	281	—	—	281	—
Lanka Orient Express line	—	9,560	—	—	—	9,560	—
<b>Service / freight income paid to related parties</b>							
Orient Express Lines Ltd., Mauritius	—	374	—	—	—	374	5,927
Orient Express Linse (S) Pte. Ltd., Singapore	—	10,577	—	—	—	10,577	—
<b>Commission paid to related parties</b>							
Seabridge Shipping Co L.L.C	—	3,279	—	—	—	3,279	—



(Amount in Rs,000)

TRANSACTION	Holding company*	Fellow subsidiaries*	Other related parties*	Key Management personnel*	Relatives of Key Management personnel*	Total as at 31.03.2005	Total as at 31.03.2004
<b>Rent expenses paid to related parties (Gross)</b>							
Sivaswamy Holdings Pvt. Ltd.	—	—	1,416	—	—	1,416	1,416
<b>Vehicle Lease Rental paid to related party</b>							
Mrs. Savita Kshirsagar	—	—	—	—	66	66	—
<b>Remuneration paid to related parties (Gross)</b>							
Mr. S. Ramakrishnan	—	—	—	2,336	—	2,336	1,176
Mr. Anil Devli	—	—	—	3,895	—	3,895	1,167
Mr Vinay Kshirsagar	—	—	—	141	—	141	—
<b>Container rental charges paid to related parties</b>							
Balaji Shipping (UK) Ltd.	—	197	—	—	—	197	372
<b>Stores, spares, victualling, Repairs expenses, etc. paid to related parties</b>							
ADMEC Logistics Ltd.	—	—	20,516	—	—	20,516	21,569
<b>Sale of Vessel to related party</b>							
Balaji Shipping SA, Panama	—	—	—	—	—	—	184,000
<b>Sale of Fixed Asset</b>							
Orient Express Ship Management Ltd	—	—	—	—	—	—	130
<b>Purchases of vessel to related party</b>							
Jubilee Shipping Inc., Panama	—	264,000	—	—	—	264,000	—
<b>Purchases of Container</b>							
Balaji Shipping (UK) Ltd.	—	—	—	—	—	—	431
<b>Stock/Bond on board to related party</b>							
Balaji Shipping SA, Panama	—	—	—	—	—	—	1,929
<b>Investment in Securities in related party</b>							
Shreyas Relay System Pvt Ltd	—	—	11	—	—	11	—
<b>Preference Dividend on Allotment of 9% non—convertible, cumulative, redeemable preference shares to related parties</b>							
Transworld Shipping Services (I) Pvt. Ltd.	—	—	9,450	—	—	9,450	2,084
Crescent Shipping Agency (India) Pvt. Ltd.	—	—	7,920	—	—	7,920	1,747
Meridian Shipping Agency Pvt. Ltd.	—	—	4,410	—	—	4,410	973
Clarion Shipping Agency Pvt. Ltd.	—	—	1,620	—	—	1,620	357
<b>Dividend paid to related parties (net of tax)</b>							
Transworld Holdings Ltd.	23,468	—	—	—	—	23,468	—
Mr. S. Ramakrishnan	—	—	—	208	—	208	—
Mr. S. Mahesh	—	—	—	—	3,349	3,349	—
Mrs. Geeta Ramakrishnan	—	—	—	—	206	206	—
Mr. Ritesh Ramakrishnan	—	—	—	—	320	320	—
Ms. Anisha Ramakrishnan	—	—	—	—	286	286	—
Mrs. Valli Sivaswamy	—	—	—	—	729	729	—
<b>Outstanding balances pertaining to related parties as at 31st March, 2005 (In Rs.'000)</b>							
Nature of Balance	Holding company*	Fellow subsidiaries*	Other related parties*	Key Management personnel*	Relatives of Key Management personnel*	Total as at 31.03.2005	Total as at 31.03.2004
Debit balance due to company	—	5,657	46,752	—	75	52,484	18,916
Credit balance due from company	—	5,273	8,136	—	—	13,409	8,695
Investment in related party	—	—	311	—	—	311	300

NOTE: FIGURES HAVE BEEN ADJUSTED FOR EXCHANGE RATE VARIATIONS



**\* Names of related parties**

<b>Nature of relationship</b>	<b>Name of the related party</b>
Holding company	Transworld Holdings Ltd. (holds 62.31% of the equity share capital as at 31st March, 2005)
Fellow subsidiaries	Shreyas World Navigation Pte. Ltd., Singapore Orient Express Lines Ltd., Mauritius Orient Express Lines (S) Pte. Ltd., Singapore Orient Express Lines Inc, Panama Balaji Shipping (UK) Ltd. Balaji Shipping Co. SA, Panama Aqua Container Lines Ltd. Mauritius Jubilee Shipping inc. Panama Sea Bridge Shipping L.L.C
Other related parties	Orient Express Ship Management Ltd. Transworld Shipping Services (I) Pvt. Ltd. NLS Agency (India) Pvt. Ltd. Sivaswamy Holdings Pvt. Ltd. Crescent Shipping Agency (India) Pvt. Ltd. Transworld Logistics Pvt. Ltd.
Nature of relationship	Albatross Shipping Pvt. Ltd. Transworld Management Consultancy Pvt. Ltd. Lanka Orient Express Lines Ltd. Colombo Haytrans India Pvt. Ltd. ADMEC Logistics Ltd. Shreyas Relay System Pvt Ltd Relay Shipping Agency Ltd. Meridian Shipping Agency Pvt. Ltd. Clarion Shipping (Pvt.) Ltd. Clarion Shipping Agency Pvt. Ltd.
Key Management Personnel	Mr. S. Ramakrishnan Mr Anil Devli Mr Vinay Kshirsagar
Relatives of Key Management Personnel	Mrs. Geeta Ramakrishnan Mr. Ritesh Ramakrishnan Ms. Anisha Ramakrishnan Mr. S. Mahesh Mrs. Valli Sivaswamy Mrs. Savita Kshirsagar

**Note : Reimbursement of expenses incurred by/to Group Companies is not included here.**

18. Previous years figures have been regrouped/recast wherever necessary to confirm to the current year's classifications.

**SIGNATURES TO SCHEDULES 1 TO 18**

FOR AND ON BEHALF OF THE BOARD

**For Sridhar & Santhanam**  
Chartered Accountants

**S. Ramakrishnan**  
Chairman & Managing Director

**R. Suriyanarayanan**  
Partner  
Membership No. 201402

**V. Ramnarayan**  
Director

**Anil Devli**  
Executive Director

**K. P. Medhekar**  
Director

**Namrata Malushte**  
Company Secretary

Place : Mumbai  
Date : 21st April, 2005

Place : Mumbai  
Date : 21st April, 2005

**Additional information under Part IV of Schedule VI to the Companies Act, 1956 Balance Sheet Abstract and Company's General Business Profile.**

<b>I Registration details</b>		
Registration No.		48500
State Code		11
Balance Sheet Date		31/03/2005
<b>II Capital raised during the year</b>		Amount (Rs.in '000)
Public Issue		Nil
Rights Issue		Nil
Bonus Issue		Nil
Private Placement		Nil
9% Non-Convertible, Cumulative, Redeemable Preference Share of Rs. 100/- each		Nil
<b>III Position of Mobilization and Deployment of Funds</b>		Amount (Rs.in '000)
Total Liabilities		11,41,041
Total Assets		11,41,041
<b>Source of Funds</b>		
Share Capital		3,28,242
Reserves & Surplus		5,50,325
Secured Loans		2,62,474
Unsecured Loans		NIL
Deferred Tax Liability		NIL
<b>Application of Funds</b>		
Net Fixed Assets		10,12,112
Investments		311
Net Current Assets		1,28,618
Misc. Expenditure		NIL
Accumulated losses		NIL
<b>IV Performance of the Company</b>		
Turnover (Including other income)		9,76,597
Total Expenditure		7,04,074
Profit/(Loss) before Tax		2,72,523
Profit/(Loss) after Tax and prior period item		2,68,444
Profit/(Loss) after Exceptional Items		3,57,368
Preference Dividend Paid		11,700
Interim Equity Dividend Paid		13,877
Tax on Dividend Paid		3,343
Proposed Final Equity Dividend		25,771
Tax on Dividend		3,368
Transfer to Tonnage Tax Reserve		56,800
Transfer to Impairment Reserve		30,000
Transfer to Capital Redemption Reserve		39,000
Transfer to General Reserve		128,730
Balance available to Equity Shareholders		44,779
Earning per share including Exceptional Items (Rs.)		17.36
Earning per share excluding Exceptional items (Rs.)		12.87
Interim Equity Dividend Rate %		7%
Final Equity Dividend Rate%		13%
<b>V Generic Names of three Principal products/Services of the Company</b>		
Item Code No. (ITC Code)		Nil
Product description		Nil

**Note:** This is a Shipping Company.

**For Sridhar & Santhanam**  
Chartered Accountants

**R. Suriyanarayanan**  
Partner  
Membership No. 201402

Place : Mumbai  
Date : 21st April, 2005

FOR AND ON BEHALF OF THE BOARD

**S. Ramakrishnan**  
Chairman & Managing Director

**V. Ramnarayan**  
Director

**K. P. Medhekar**  
Director

Place : Mumbai  
Date : 21st April, 2005

**Anil Devli**  
Executive Director

**Namrata Malushte**  
Company Secretary



## CASH FLOW FOR THE YEAR ENDED 31st March, 2005

Particulars	(Rs in Lacs)	
	Year ended 31st March, 2005	Previous Year ended 31st March, 2004
<b>A Cashflow from operating activities</b>		
Net profit/(Loss) Before tax	2,725.23	1,002.56
<b>Adjusted for:</b>		
Prior year adjustment	(11.02)	—
Depreciation	756.70	786.93
Amortisation of misc expenses	152.95	248.46
Interest income	(10.23)	(36.15)
(Profit)/Loss on Sale of Investments	4.97	11.69
Profit on Sale on Asset	—	(522.09)
Loss on Sale on Asset	3.92	2.43
Interest Provision	85.44	174.65
Exchange Loss/(Gain) on Current Assets & Liabilities	43.11	5.87
<b>Operating Profit Before Working Capital changes</b>	<b>(a) 3,751.07</b>	<b>1,674.35</b>
<b>Adjustments for : Increase/(Decrease) in Working Capital</b>		
Trade & Other Receivables	(565.10)	273.75
Inventories	(0.81)	7.60
<b>Total</b>	<b>(b) (565.91)</b>	<b>281.35</b>
<b>Increase/(Decrease) in Working Capital</b>		
<b>Trade &amp; Other Payables</b>	<b>(c) 320.97</b>	<b>(657.78)</b>
<b>Cash Generated from Operations</b>	<b>(a) + (b) + (c) = (d) 3,506.13</b>	<b>1,297.92</b>
Interest	(89.18)	(190.50)
Direct Taxes (Paid)/Received (Net of Provision)	(5.02)	(98.68)
<b>Cash flow before extra-ordinary items</b>	<b>3,411.93</b>	<b>1,008.74</b>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(A) 3,411.93</b>	<b>1,008.74</b>
<b>B Cash flow from investing activities</b>		
Addition/Revaluation to fixed Assets (Net)	(2,940.74)	(17.30)
Sale of Fixed Assets	3.60	2,012.46
Sale of Investments (Net)	5.96	198.77
Interest/Dividend Received	9.96	63.83
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(B) (2,921.22)</b>	<b>2,257.76</b>
<b>C Cash Flow from Financing Activities</b>		
Proceeds/(Repayment) of Borrowings (Net)	1,042.50	(3,178.26)
Dividend Paid (Unclaimed Dividend)	(683.90)	(60.00)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(C) 358.60</b>	<b>(3,238.26)</b>
<b>NET CHANGES IN CASH &amp; CASH EQUIVALENT</b>	<b>(A+B+C) 849.31</b>	<b>28.24</b>
<b>CASH &amp; CASH EQUIVALENTS - OPENING BALANCE</b>	<b>116.96</b>	<b>88.72</b>
<b>CASH &amp; CASH EQUIVALENTS - CLOSING BALANCE</b>	<b>966.27</b>	<b>116.96</b>

FOR AND ON BEHALF OF THE BOARD

Place: Mumbai  
Date : 21st April, 2005

**S. Ramakrishnan**  
Chairman and Managing Director

### AUDITORS' CERTIFICATE

We have verified the above Cash Flow Statement of Shreyas Shipping Limited derived from the audited financial statement for the year ended March 31, 2005 and March 31, 2004 and found the same to be drawn in accordance therewith and also with the requirements of Clause 32 of the Listing Agreements with the Stock Exchanges.

**For Sridhar & Santhanam**  
Chartered Accountants

Place: Mumbai  
Date : 21st April, 2005

**R. Suriyanarayanan**  
M.No. 201402  
Partner

**17<sup>TH</sup> ANNUAL REPORT**



**SHREYAS**  
SHIPPING LIMITED

**ATTENDANCE SLIP**

Registered office : 1110/1111 Embassy Centre, Nariman Point, Mumbai - 400 021

I/We hereby record my/our presence at the Seventeenth Annual General Meeting of the Company held at Sivaswamy Auditorium of Fine Arts Cultural Centre, 61/21, R.C. Marg, Opp. Vijaya Bank, Chembur, Mumbai 400 071 on Thursday, 21st July, 2005 at 11:00 a.m.

NAME & ADDRESS OF THE SHARE HOLDER (IN BLOCK LETTERS)	L.F. NO.	NO. OF SHARES HELD
--	----------	--------------------

\*D.P. Id No.

\*Client Id No.

**SIGNATURE/NAME OF THE SHAREHOLDER OR THE PROXY ATTENDING THE MEETING**

If Shareholder, please sign here	If Proxy, please sign here
<b>Name</b>	<b>Name</b>

**Notes :**

- Your are requested to sign and hand this over at the entrance.
- If you intend to appoint a proxy to attend the meeting instead of yourself, the proxy form must be deposited at the Registered office of the Company at 1110/1111 Embassy Centre, Nariman Point, Mumbai - 400 021 not less than 48 not less than 48 hours before the time for holding the meeting.
- If you are attending the meeting in person or by proxy, your copy of the Balance Sheet may please be brought by you/your proxy for reference at the meeting.

\* In case of dematerialised shares.



**SHREYAS**  
SHIPPING LIMITED

**PROXY FORM**

Registered office : 1110/1111 Embassy Centre, Nariman Point, Mumbai - 400 021

I/We ..... of .....  
in the district of ..... being a Member/Members of the above named Company,  
hereby appoint ..... of .....  
in the district of ..... or failing him .....  
of ..... in the district of ..... as my/our proxy to attend and vote for me/us and  
on my/our behalf at the Seventeenth Annual General Meeting of the Company to be held on Thursday, 21st July, 2005 and at any adjournment thereof.

Signed this ..... day of ..... 2005

Signature \_\_\_\_\_

Please  
Affix Re.1/-  
Revenue  
Stamp

**Registered Folio :** \_\_\_\_\_

**Notes :**

**DPID No.:** \_\_\_\_\_

- The Proxy form must be deposited at the Registered Office of the Company at 1110/1111 Embassy Centre, Nariman Point, Mumbai - 400 021, not less than 48 hours before the time for holding the Meeting.

**Client ID No.:** \_\_\_\_\_

- This form is to be used <sup>\* in favour of</sup> <sub>\* against</sub> the resolution. Unless otherwise directed, the Proxy will act as he thinks fit.

**No. of Shares :** \_\_\_\_\_

\* strike out whichever is not applicable.





**SHREYAS**  
SHIPPING LIMITED

**FINANCIAL HIGHLIGHTS**

(Rs. in Lacs except where stated otherwise)

	1995-96	1996-97	1997-98*	1998-99#	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
Operating Earnings	6,515.20	10,521.14	17,544.36	5,741.10	10,544.32	6,674.57	6,492.67	6,757.39	7,689.86	9683.74
Other Income	106.87	11.59	84.40	6.57	91.12	147.17	116.14	147.92	693.08	82.22
<b>Total Income</b>	<b>6,622.07</b>	<b>10,532.73</b>	<b>17,628.76</b>	<b>5,747.67</b>	<b>10,635.44</b>	<b>6,821.74</b>	<b>6,608.81</b>	<b>6,905.31</b>	<b>8,382.94</b>	<b>9765.97</b>
Operating Expenses	4,857.92	9,236.10	14,898.85	4,470.81	9,917.71	4,769.91	4,768.15	5,252.90	5,925.77	5772.37
Administration & Other Expenses	210.52	291.99	502.42	296.79	297.56	486.43	305.76	371.09	493.03	462.22
<b>PBIDT</b>	<b>1,553.63</b>	<b>1,004.64</b>	<b>2,136.49</b>	<b>980.07</b>	<b>420.17</b>	<b>1,565.40</b>	<b>1,534.90</b>	<b>1,281.32</b>	<b>1,964.14</b>	<b>3567.37</b>
Interest	314.82	373.33	977.71	421.09	681.14	679.16	569.10	273.91	174.65	85.44
<b>PBDT</b>	<b>1,238.81</b>	<b>631.31</b>	<b>1,158.78</b>	<b>558.98</b>	<b>(260.97)</b>	<b>886.24</b>	<b>965.80</b>	<b>1,007.41</b>	<b>1,789.49</b>	<b>3481.93</b>
Depreciation	333.58	361.56	762.15	300.94	607.73	610.10	605.58	666.96	786.93	756.70
<b>PBT</b>	<b>905.23</b>	<b>269.75</b>	<b>396.63</b>	<b>258.04</b>	<b>(868.70)</b>	<b>276.14</b>	<b>360.22</b>	<b>340.45</b>	<b>1,002.56</b>	<b>2725.23</b>
Tax	-	35.00	41.65	27.75	-	2.79	53.55	278.19	271.77	29.77
<b>PAT (Including prior year item)</b>	<b>905.23</b>	<b>234.75</b>	<b>354.98</b>	<b>230.29</b>	<b>(868.70)</b>	<b>273.35</b>	<b>306.67</b>	<b>106.53</b>	<b>730.79</b>	<b>3573.68</b>
Share Capital	1,982.42	1,982.42	1,982.42	1,982.42	1,982.42	1,982.42	1,982.42	3,282.42	3,282.42	3282.42
Reserves & Surplus	2,865.21	2,881.90	3,018.81	3,095.07	2,226.36	2,390.48	2,623.64	2,303.86	2,632.94	5503.25
Loan Funds	3,038.49	3,409.38	7,067.93	6,277.15	5,835.31	5,139.88	5,271.75	4,760.51	1,582.24	2624.74
Fixed Assets (Net)	6,431.86	6,244.26	9,996.25	9,796.09	9,262.00	8,668.44	9,392.09	10,209.73	7,945.95	10121.12
Investments	77.41	39.81	69.17	69.17	40.33	14.63	223.75	224.51	14.05	3.11
Net Current Assets	781.38	1,638.70	1,664.12	1,226.58	-263.49	205.43	106.97	84.47	152.46	1286.18
EPS (Annualised) (Rs.)	4.57	1.18	1.19	2.32	-	1.38	1.55	0.24	3.02	17.36
Debt Equity Ratio	0.63	0.70	1.41	1.24	1.39	1.17	1.14	0.85	0.27	0.30
Dividend Per Equity Share (Rs.)	1.40	1.00	1.00	0.70	-	0.50	0.60	-	1.20	2.00
Book Value per share (Rs.)	24.45	24.54	25.23	25.61	21.23	22.06	23.23	21.62	22.45	39.44

\* For 18 months

# For 6 months



**SHREYAS**  
SHIPPING LIMITED

## SHREYAS TEAM



*Sitting L to R: Capt. V. K. Singh, Mr. Anil Devli, Mr. Vinay Kshirsagar*

*Standing L to R: Mrs. Namrata Malushte, Mr. Harinarayan V., Mr. Prakash Irde, Mr. Kiran Nandre, Ms. Orline Prabhakar, Mr. Chandraveer Singh, Mr. Mahesh Herambha, Mr. Irfan Gojaria, Mrs. Rekha Nair, Mr. Sadanand Singh, Mr. Ravindra Khule, Mrs. Sheetal Mhadalkar, Mr. Chittaranjan Gawde, Mrs. Jyoti Baraskar, Mr. Mahesh Dhuri, Mr. Ramakrishnan Penkea, Mr. Kishor P. Raj, Mr. Shekar Iyer, Mr. Umesh Roge, Mrs. Seema D'Souza, Capt. Rakesh Prasad, Mr. Ravi Agrawal, Mrs. Kanchan Arun, Mr. Roy Moraes, Mr. Jagdish Jade.*

**BOOK - POST**

*If undelivered, please return to :*  
**Shreyas Shipping Limited**  
'Orient Shreyas', Plot No.203  
Station Avenue Road,  
Chembur, Mumbai - 400 071